FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Belgrade human rights attack

The U.S. moved at the Belgrade Conference to put the Soviet Union on the defensive over human rights when Mr. Arthur Goldberg, its chief delegate, delivered a stern indictment of the East's failure to live up to the Helsinki Agreement.

He registered the Carter Administration's "vigorous disapproval" of repressive measures against private citizens who had tried to monitor the 1975 agreement's human rights provisions, but did not name specific cases.

Russia argued that detente would be jeopardised unless the West throttled its human rights campaign and agreed to East bloc arms control proposals, particularly in the nuclear field.

Concorde given NY go-ahead

The U.S. Court of Appeals has signed an order allowing Concorde flights to Kennedy Airport to begin immediately. The court turned down two requests for stays of execution by Port Authority of New York and New Jersey. British Airways said scheduled services to New York would begin in the second half of November, with six services a week in the New Year.

Re-selection plan

The Labour Party Conference agreed in private session to give the national executive committee the go-ahead to prepare proposals for all the party's MPs to face automatic re-selection for each Parliament. Page 20

Rhodesia call

Labour Party delegates in Brighton, against the wishes of the Government and the national executive committee, approved by a narrow margin a resolution calling on Britain to give material and moral support to Rhodesia's freedom fighters. Page 20

Dell gets report

The Department of Trade report into companies associated with Mr. John Stonehouse, the former Labour Minister jailed in August, 1976, has been sent to Mr. Edmund Dell, Trade Secretary.

Sri Lanka move

Mr. J. R. Jayewardene, Sri Lanka's Prime Minister, is expected to become President with full executive powers next week under a new French-style form of Government.

Briefly . . .

Vicente Aleixandre, 79, the Spanish poet, has been awarded this year's Nobel Prize for Literature. Page 5

Remembrance Sunday will be on November 13.

British Summer Time ends at 3 a.m. on Sunday, October 23, when clocks should be put back one hour.

Alexandra Tolstoy, the 93-year-old only survivor of Russian novelist Leo Tolstoy's 11 children, is "very weak" after a heart attack in New York.

National Union of Students is backing an anti-apartheid sit-in at an Aberdeen University hall which has been hired by Barclays Bank International.

Dr. Donald Coggan, Archbishop of Canterbury, said that of a thousand million illiterates in the world, 75 per cent. were women.

Pets have been banned from the Royal Navy's ships because of the risk of rabies.

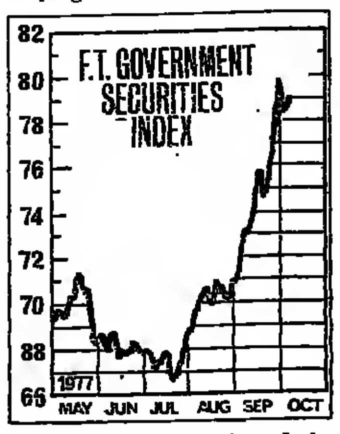
Mr. James Callaghan is runner-up to TV comedians Little and Large in the National Society of Non Smokers' top ten, with Mrs. Margaret Thatcher fourth.

Flying Squad detectives recovered Jubilee postage stamps for the Pacific island of Niue and worth £250,000, stolen in June from Heathrow Airport, after visiting a house in Ealing, W. London.

BUSINESS

Gilts in demand; equities up 1.9

● GILTS were again in demand, with gains to a point or more in long-dated stocks. The FT Government Securities Index rose 0.40 to 79.03, still 0.82 below the 65-month peak reached last Friday.



● EQUITIES found less enthusiastic support. The FT 30-Share Index, 6.3 ahead at 10 a.m., closed at 518.7, up 1.9 on the day.

● STERLING gained 24 points against the dollar to $1.7597, but its trade-weighted index was unchanged at 62.4. Dollar's trade-weighted depreciation widened to 1.29 (1.09) per cent.

● GOLD fell 75 cents to $154.375. IMF auction. Page 6

● WALL STREET rose 4.76 to 842.08.

● U.S. MONEY SUPPLY: M1 $329.4bn. ($330.6bn.), M2 $792.8bn. ($793.2bn.), commercial and industrial loans at major banks up $283m. (down $1[illegible]), fed. funds 6.11 (6.35) per cent. [illegible] day dealer-placed commercial paper 6.31 (6.22) per cent.

Abbey decides against cutting investors' rate

● ABBEY NATIONAL has decided not to comply with the recent recommendation of the Building Societies' Association to cut interest rates generally for investors. Most investors who have money lodged with the Abbey by November 1 apparently will still receive the present interest rate on their investment, while new investors will receive the lower rate. The Abbey is cutting its mortgage rate in line with other societies. Back Page

● COMMONS Public Accounts Committee has accused the Government of lavishing public funds, in the form of regional development grants, on projects which need no extra incentive to go ahead. Committee's concern at employers' failure to operate PAYE tax system properly, Page 10

● ENERGY-SAVING measures must be greatly strengthened to avoid a world shortage of oil and other forms of energy in the mid-1980s, according to a communique from the 19-nation International Energy Agency meeting in Paris. Back Page

● CANADIAN Government authorities have declared that carbon steel products from six countries, including the U.K. and Japan, are being dumped in Canada.

COMPANIES

● BERRY WIGGINS reported a £3m. loss for 1976, largely because of losses on its Algerian contract. Page 24 and Lex

● EMI made pre-tax profit of £64.7m. (£59.35m.) in the year to June 30. Page 25 and Lex

● AGRICULTURAL Mortgage Corporation is raising £3m. through an issue of variable rate bonds at par—the first in the private sector to raise new money in the market on a variable basis. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated)

RISES:		
Treasury 13¾% 1990	£119⅝	+ 1
Treas. 12¾% '95 (£30pd)	£41⅛	+ 1⅛
Treasury 7¾% 12/15	£78⅛	+ 2
BPB	273	+ 7
Berkeley Hambro	107	+ 8
Crellon	42	+ 5
EMI	232	+ 8
Eagle Star Ins.	183	+ 8
French (Thomas)	65	+ 12
Guinness Peat	230	+ 12
Henlys	139	+ 6
Hillards	283	+ 15
Holt Lloyd	123	+ 7
Kakuzi	93	+ 8
Metal Box	356	+ 14
Morrison (Wm.)	212	+ 15
Mountview Estates	55	+ 4
Newman Ind.	132	+ 8
Nurdin and Peacock	100	+ 9
Prestige	170	+ 10
Roberts Adlard	82	+ 7
Rothmans Intnl.	57	+ 3
Rowntree Mackintosh	433	+ 16
Sainsbury (J.)	242	+ 13
Slough Estates	114	+ 5
Spear and Jackson	168	+ 6
Stewart Plastics	102	+ 8
Thorn Electrical	418	+ 10
Walker (James)	78	+ 9
Wolseley-Hughes	172	+ 10
Woodhead (Jonas)	224	+ 11
Berry Wiggins	32	+ 6
Moran Tea	400	+ 100
Geevor	510	+ 20
Malay Dredging	380	+ 25
Pekn-Wallsend	335	+ 10
FALLS:		
Lane (Percy)	58	− 6
Gas and Oil Acreage	115	− 10
Assam Frontier	335	− 13
Pacific Copper Mines	149	− 14

Price Commission puts inflation rate in single figures

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

The underlying rate of inflation, as monitored by the Price Commission's early warning system, has already reached single figures.

Provisional figures released yesterday showed that the Commission's index of price rises notified to it rose by only 3.8 per cent in the six months to the end of September. Expressed at an annual rate, these six month figures mean that the rate of increase in the Commission's index has now fallen to 7.8 per cent, the lowest level since 1973, and well under half the figure recorded in March.

This marks a sharp acceleration in the downward trend in the Commission's index and should ensure that the rate of increase in the Retail Prices Index continues to fall for several months to come.

The Commission warned yesterday, however, that while it expected the much lower rate of inflation to be maintained for some time, future reductions in its own index were likely to be far less dramatic and could even be interrupted by the occasional small rise.

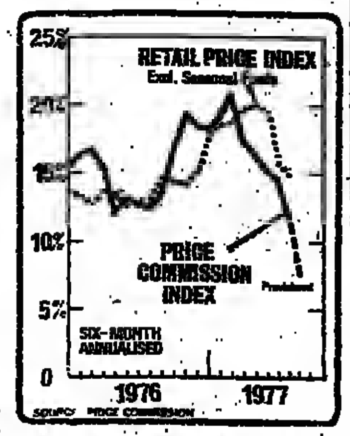
In March, the Commission's index was showing an increase of 20.9 per cent., calculated on the same six-month annualised basis which the Commission insists provides the best pointer to the underlying rate of inflation. The rate of increase started declining in April and fell steadily to 11.7 per cent. in August. But this month's drop is by far the largest so far.

The Commission's figures do not cover some of the important elements in the Retail Prices index, such as housing and fresh food prices. But they usually provide a reliable advance indicator of movements in the RPI. The timelag between the two indices is usually between three to four months so this month's improvement should be reflected in the shops around Christmas.

Though figures are not yet available for the number of notifications received by the Commission in September, it is already clear that they are up in terms of numbers on the very low August figure. In terms of the amount of money involved, however, the increase was only slight.

The Commission said yesterday that the September totals, like those for August, would be less than half the totals for average months earlier in the year.

Its caution about predicting further steep reductions in the rate of increase seem to be based largely on the assumption that special factors were still at work in September. These were partly of a seasonal nature but had more to do with the fact that many manufacturers squeezed all they could out of the old price code before the rules were changed at the beginning of August.



The feeling seems to be that some of those companies which pre-empted the changes in the system by coming in for increases before they really needed them earlier in the year will be notifying new price increases shortly.

A similar note of caution was also sounded yesterday by the Treasury in its latest Economic Progress Report. Britain, it said, had a good chance of reducing the rate of inflation further but only if wage costs and through them industrial costs generally, did not get out of hand.

Though the rate of inflation had fallen, Britain could not afford to be complacent. The figure was still above the average for Britain's competitors, and until that was remedied, the threat to the country's prices, competitiveness and jobs would not be totally removed.

Callaghan rules out pay deal sanctions

By Richard Evans, Lobby Editor, in Brighton

THE PRIME MINISTER admitted for the first time last night that the Government would not be able to use sanctions to prevent Ford or any other big employer implementing a pay settlement above the 10 per cent. norm.

Instead Ministers will rely on persuasion and on an appeal to public opinion to back the Government's counter-inflation policy of pay restraint.

In an interview on BBC television the Prime Minister admitted that the 10 per cent. figure was a national average. "I cannot be bound by strict rigidity on this," he declared. "In a democratic society we can only go to the limit of persuasion."

Ministers are awaiting the outcome of the Ford pay talks next week with some disquiet. Their hope remains that the settlement will not be far in excess of 10 per cent. and that it will not mean that the pay policy is destroyed.

Nearly two-thirds of the public believe that Ford should limit the pay rise to its manual workers to 10 per cent., according to an Opinion Research Centre poll. It provides evidence of strong public support for the Government's efforts to bring down inflation.

Mr. Callaghan agreed that the Government could not prevent a Ford settlement becoming an incitement to other negotiators to break the voluntary code. "This is one of the difficulties we would have to face. . . . We are feeling a way forward into a field so far uncharted."

There were "very few" sanctions the Government could use and his job was to carry on pointing out ad nauseum the effects of breaking the pay policy.

"If earnings nationally were kept below 10 per cent. then inflation would continue to fall and there could be a faster rate of growth.

"Maybe the country will reject this but if so no one will be able to say that we have not made clear what the alternatives are," he commented.

Mr. Callaghan accepted that there were some employers anxious to pay more than the 10 per cent. and in a free society they could not be prevented. "But what I can say is that the national interests demands a national average in earnings of 10 per cent. or less."

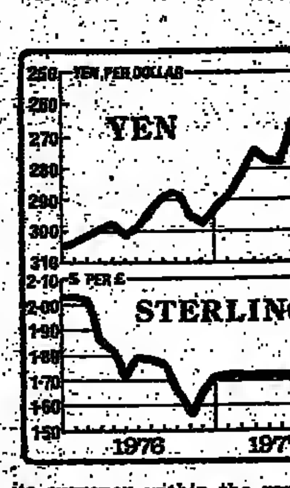
The Prime Minister went on to insist that there would be no pre-election boom stimulated by the Government which would mean a return to hyper-inflation.

Labour conference, Page 20
Politics to-day, Page 23

Yen breaks 260 barrier: pound strong

BY MICHAEL BLANDEN

THE Japanese yen broke through the "260 barrier" yesterday and closed at $1=Y259.45 on the Tokyo foreign exchange market. The rate had gone still higher earlier in the day, at one point touching 258.88 before weakening slightly probably under the influence of Bank of Japan intervention.



The day's trading in Tokyo was the busiest since the yen was floated in February, 1973, with spot market turnover reaching the spectacularly high figure of $715m.

The sharp rise in the yen was also the highlight of foreign exchange dealings in London, with the U.S. dollar coming under continued selling pressure against most other leading currencies.

The problems of the dollar have been growing in recent weeks as a result of concern in the markets over the size of the U.S. trade deficit. Yesterday, the depression was increased by the news of a rise in U.S. wholesale prices in September.

The pound continued to show its strength against the dollar, moving up at one stage to above $1.76 at $1.7605½, its highest level since September last year.

The Bank of England continued its policy of intervening in the market to hold the value of the pound steady against other currencies in general, again taking in substantial amounts of currency for the official reserves.

Sterling ended the day with a gain of 24 points against the dollar at $1.7597. But its trade-weighted index remained steady at 62.4.

Charles Smith writes from Tokyo: The background to events in Tokyo seems to be that Japan has given up trying to maintain its currency within the range of 260-270 to the dollar, where it was successfully held during most of the three months from July to September.

It has done this partly under severe pressure from the U.S. but also, apparently, in line with an overall official strategy of allowing the Yen fluctuation range to move up at intervals of roughly one quarter.

Despite the Government's probable "resignation" to the Yen's appreciation, however, it still appears that the Bank of Japan is intervening actively to moderate the rise. The bank was almost certainly active again when speculation seemed to be pushing the rate not just through the 260 barrier, but considerably beyond it.

It would be in line with previous strategy for Japan to want to hold the rate somewhere between 260 and 256 for some weeks.

Rise will not hit exports, Page 7

Eurobond dollar sector falls

BY MARY CAMPBELL

IN ACTIVE trading conditions the U.S. dollar sector of the Eurobond market fell back sharply again yesterday for the fourth day running. Individual issues are now being quoted anything up to a full point lower than a week ago.

One of the Bondtrade indices of Eurobond prices has gone through its low for the year, though the other, for longer term bonds, still has some way to go.

Several dealers used the word "panic" to describe trading conditions yesterday. "Diabolical and expensive" was perhaps the most succinct summary.

The background to the week's accelerating weakness is a steady narrowing of the yield gap between short- and long-term rates since the spring, and the plummeting dollar. The gap between Eurodollar bond yields and the six-month Eurodollar inter-bank rate narrowed from about 2½ percentage points at the beginning

Continued on Back Page
Market slides, Page 30

£ in New York

	October 6	Previous
Spot	$1.7596-7606	$1.7569-7573
1 month	0.30-0.26 prem	0.11-0.16 prem
3 months	0.82-0.86 prem	0.51-0.56 prem
12 months	1.00-1.10 prem	0.35-0.42 prem

PLO eases stance on Geneva talks

BY ANTHONY McDERMOTT

THE PALESTINE Liberation Organisation yesterday softened its position on the key obstacle to the reconvening of a Geneva conference on the Middle East—the question of Palestinian representation.

Mr. Mahmoud Labadi, the PLO's Beirut spokesman, said in an interview with CBS that the PLO would not insist on its own representatives being present at any resumed Middle East peace talks. Previously the PLO has insisted on representation on a level with Israel and Arab countries.

The response from Israel was restrained. A Government official said Israel had no immediate comment. "We are not starting a debate with every single person who calls himself a PLO spokesman. Our position remains that we will not talk to or accept at Geneva anyone known to be a member of the PLO."

He indicated there would be no official reaction until the working paper which was approved by Mr. Moshe Dayan, the Foreign Minister, after his talks with President Carter and Mr. Cyrus Vance, the U.S. Secretary of State, had been discussed at a Cabinet meeting scheduled for Tuesday.

Previously Israel has said it would accept non-PLO Palestinians from the West Bank or Gaza Strip as part of an individual or joint Arab delegation at a ceremonial opening session in Geneva.

In the CBS interview Mr. Labadi was quoted as saying that as long as the PLO was responsible for choosing the members of the delegation, those delegates need not be members of the PLO. He expanded on this by saying that the Palestinian delegation could include any Palestinians including mayors on the Israeli-occupied West Bank.

This PLO statement has to be seen as a significant step. Indeed, Mr. Labadi has done so himself. He told UPI yesterday "the majority of the members in the delegation should still be members of the PLO. The delegation is an internal Palestinian matter. The PLO is the sole legitimate representative of the Palestinians. The PLO could decide to include non-PLO members in the delegation . . . if it sees this as serving our interest."

This softening is important, however, because it comes after the release of a joint statement by the U.S. and the Soviet Union last week-end calling for the "legitimate rights of the Palestinians" and demanding that the Palestinians (for the PLO was not named) should be represented at Geneva.

In addition, the PLO is making major efforts not to antagonise the U.S. It is under considerable pressure from Arab Governments to comply with conditions which would make the opening of a Geneva conference possible.

A further clue to the potential importance of the PLO statement comes in the context of the working paper accepted by Mr. Dayan. Yesterday the New York Times published what it claimed were details. It said on one level the Geneva conference would consist of Israel and a unified Arab delegation comprised of Egyptians, Syrians, Jordanians, Lebanese and Palestinians.

Negotiations would be conducted by three bilateral groups to negotiate peace treaties between Israel and Egypt, Syria and Jordan respectively.

In addition there would be multilateral talks, which would blur the Palestinian presence, to deal with such questions as compensation for Arab and Jewish refugees.

Israel-U.S. agreement, Page 6

Leyland reform hopes rise

BY ALAN PIKE, LABOUR CORRESPONDENT

CAUTIOUS HOPES for a break in the deadlock over collective bargaining reforms in Leyland Cars emerged yesterday. There was a change of position by the company's biggest union and revised management proposals for introducing pay parity and centralised bargaining.

Senior shop stewards from all unions in Leyland Cars are being called to a meeting later this month at which they will consider the new proposals, presented to the Confederation of Shipbuilding and Engineering Unions' Executive in Brighton last night.

The company proposals make it clear—as is to be expected—that Leyland will abide strictly by the Government's 10 per cent. earnings guidelines in all forthcoming pay settlements.

Leyland which had originally wished to introduce company-wide bargaining this year—although this had become a fading objective in recent weeks—is now prepared to see its introduction in 1979 with existing plant bargaining arrangements continuing in the interim.

A £50m. package over the next two years would bring pay rates between plants into line in readiness for the full introduction of central bargaining and pay parity.

Leyland, supported by the union, continues to stand by plans for a common starting date of November 1 for all agreements.

Within about an hour of the transport workers' meeting ending in Eastbourne, Leyland management and the confederation executive were in session at Brighton. The proposals from the company had clearly gone some way to meet the demands of transport workers delegates.

Leyland management led by Mr. Derek Whittaker, managing director of Leyland Cars, and Mr. Pat Lowry, British Leyland's industrial relations director presented

Continued on Back Page

More Datsuns

Imported cars took more than half the U.K. market last month for the second consecutive month with Datsun of Japan outselling Vauxhall and Chrysler to reach third place. Low showroom stocks are blamed by British-based manufacturers for their plight. Back Page.

For latest Share Index 'phone 01-246 8026

LOMBARD

Taking the Meade Report seriously

BY ANTHONY HARRIS

IT USED to be next to impossible to get either of the main political parties to adopt a new idea from the outside. The long internal haggles over manifesto promises, the lobbying of supporters, and the personal obsessions of the party leader crowded out any other influence; only the Liberals were prepared as it were to baby-sit an appealing idea until one of the main parties might decide to steal it.

Now, thanks largely to Mr. Edward Heath and Sir Harold Wilson, things are changing for the better. Both learned in quite different ways the heavy potential cost of pledges. Mr. Heath wanted to change the world, but it proved recalcitrant; "at a stroke" and "lame ducks" helped to bring his leadership to a premature end. Mr. Wilson, in his day, talked of keeping his options open, but was in fact so keen on giving off-the-cuff answers to every problem that a whole series of half-baked ideas, such as the Land Commission, got into the manifesto and the statute book to haunt him.

Radical

Mr. Callaghan and Mrs. Thatcher do genuinely seem to be keeping their own counsel; it is hard at the moment to see what either of them would be committed to, apart from tax cuts, if there were an early general election.

If it had not been for this political change, it would hardly be worth giving much serious attention to a document like the Meade Report on tax reform. This has been around in draft for more than a year, and will appear in final form in January; and it already seems to have provoked a partly encouraging policy analysis from the normally stonewalling Inland Revenue. The fact that it is truly radical, and also intellectually coherent, would make it a virtual non-starter. If that were not enough, it has been drafted by a committee which contains no trade unionists, and does not even have the statutory Welshman (Mr. Clive Jenkins is at present doubling these roles for Sir Harold) or Scot.

For a future Government whose commitments are sufficiently woolly, however, it really is possible that the central Meade proposal for a move towards an expenditure tax does stand a chance, especially as it has been designed to offer something very appealing to both the main parties.

The principle of an expenditure tax is straightforward, though it marks such a break with tradition that some people do not grasp it immediately. It wipes out the hallowed distinction between income and capital for tax purposes—the principle summed up by Brian Reading recently as "What you own is yours, what you earn is the State's." Instead, you pay tax on what you spend, whether the money came from income, the sale of shares, a football pool or a cricket benefit. But it is not the benefit itself which is taxed—as Justinian suggests may now be the law; only what you spend from it.

The result is a transformation. Saving out of income is tax free, so that the highly paid can become wealthy; but the real filthy rich, who maintain the grand style out of capital, can be soaked in a way which is impossible even with the absurdly penal tax rates we have now. Coupled with a strong tax on transfers—but charged on the recipient, not the donor—it it encourages the wide distribution of wealth. It is hard to think of any other proposal which is at the same time good for incentive and yet egalitarian.

The balance of appeal might still seem to lie with the Conservative preoccupation with incentive; but in fact Mr. Callaghan and Mr. Healey are in a sense even more worried on this score. They want to improve incentives, but they have to worry about acceptability to their own supporters. The Meade proposals could do the trick.

A chance

Three things could help a good deal if Labour is to adopt the idea. First, the plan for an expenditure tax was actually launched by Labour more than 20 years ago; second, an increasing number of the most highly skilled—including Mr. Jenkin's members—would welcome the chance to accumulate a modest fortune; and third, the proposal might be highly unpopular in some quarters in the City. It would encourage saving and investment, but it would remove the tax advantages of insurance companies and unit trusts so far as the rich are concerned. (The expenditure base applies only to the higher rates on income tax).

As Denis Healey has long known, the way to Labour popularity lies in the anguish of the privileged. So whoever wins, here is a radical idea with a sporting chance. Certainly the Meade proposals, when they appear, will deserve careful attention from the financial community. If the Inland Revenue takes them seriously, they are serious.

RACING — BY DOMINIC WIGAN

Picatina continues to improve with new challenge ahead

NO ONE at Ascot a fortnight ago could have failed to be highly impressed with the way Picatina won the Coltex Handicap and the Newmarket filly is sure to be well backed to follow up on her return there to-day.

Clive Brittain's Welsh Pageant filly, who had previously made short work of Showboard at Yarmouth, is among runners for this afternoon's most valuable event, the £6,000 James Lane Handicap.

If, as I believe, she is still on the upgrade, Picatina, a 1½ lengths winner over Topbird in the Coltex Handicap, should prove capable of winning to-day's event off her featherweight of 7 st. 7 lb. Findon's progressive four-year-old, Semper Nova, a two-lengths winner from Zarab, to whom she was giving 13 lb., at Ayr recently, may chase Brittain's filly home.

There was a lot to like about the debut made by High Top's half-brother, Camden Town, in the Clarence House Stakes here a day before Picatina's success and few will want to oppose the Seven Barrows colt in the Duke of Edinburgh Stakes.

Camden Town, a three quarters of a length joint-second with Corlander to the speedy and more experienced Derrylin in the Clarence House,

ASCOT
2.15—Stanaure*
2.45—Durtal
3.15—Picatina***
3.50—Camden Town**
4.20—Sally's Lad
4.50—Reclamation

YORK
2.30—Spring in Deepsea
3.00—Press Corps
4.30—Tin Miner

is said to have come on a good deal since that highly satisfactory introduction and he is sure to take a good deal of beating.

I give him a reasonably confident vote over another area-raced colt, Semper Nova's stablemate, Ambert, who renews rivalry with Sandfleet.

That likeable filly, Durtal, who may well have been deprived of an Oaks victory when she had to be withdrawn from the second fillies' classic after a collision with the rail on her way to the start, re-appears in the Marlborough House Stakes. If she is anywhere near her best, Durtal, the best two-year-old filly in England last term, will be too good for her two opponents, No Cards and Noirima.

Although the market will be the best guide to her prospects, it is doubtful whether trainer Barry Hills would be saddling Durtal here unless he was confident of a successful outcome.

For racegoers in the North of England, there is another day's racing at York, where Bruce Raymond could well achieve a double in the space of half an hour through the Juveniles, Spring in Deepsea and Press Corps.

SALEROOM — BY ANTONY THORNCROFT

Hilliard miniature for £7,428

IN NEW YORK on Wednesday Sotheby Parke Bernet disposed of the third, and final, part of the celebrated collection of miniatures gathered by the late Greta S. Heckett of Pittsburgh. This sale added £54,858 to make a total of £342,686 for the Heckett Collection.

All the 142 lots on offer sold, with a top price of £7,428 for a miniature by Nicholas Hilliard, which is said to represent Anne, Lady Hunsdon. A miniature of a lady by John Smart fetched £3,142; a portrait of a young lady by George Engleheart sold for £1,857; and a miniature of a lady in uniform by Mrs. Anne Mee for £1,828.

There were three minor Sotheby sales in London. Musical intruments brought in £37,011, with a top price of £3,200 for an Italian violin by Joseph Rocca. Silver and plate realised £34,506, with a best price of £1,650 for a William IV four-piece tea and coffee set by Barnard. The first part of a Chancery Lane book sale totalled £17,621, with a run of Law Reports from 1884 to 1974 making £1,500.

At Sotheby's Belgravia European glass and Continental ceramics totalled £90,691, with only 3 per cent unsold. M. McCracken, a Brighton dealer, paid £8,000 (plus the 10 per cent. buyers' premium) for a pair of late 19th century "Sevres" ormolu-mounted vases and covers. The price was slightly below the forecast, which was fixed after similar vases fetched extraordinary prices last season.

Duncan Smith, the London dealer, gave £3,200 for a Berlin clock garniture of about 1880, and Vulcan Freight bought a late 19th century Berlin plaque, entitled "Love's Dream," for £2,800.

There was a very good sale of samplers at Christie's South Kensington which set a new auction record for this market. Many prices were double their forecasts. A pair of samplers, one 1810, the other 1820, sold for £450, and a single 1814 sampler, depicting a country house, a ship and cattle, sold for £450. Blythe Antiques bought a sampler of the Menai Bridge for £340. All the examples came from a single collection, which contained a sampler for every year between 1760 and 1860.

Bonhams held one of its major picture sales, bringing in £78,190, with 8 per cent unsold. "The Christening Party" by Hubert Salatin, of 1860, more than doubled its estimate of £5,000, and "HMS Thunderer," by Mathew Condy, fetched £2,500. "Evensong," by Sigismund Goetze, trebled its forecast at £2,400.

There was a minor sale of furniture at Christie's main King Street auction room, which made £43,452.

At Robson Lowe in Bournemouth stamps brought in £96,780, way above forecast.

Car maintenance series for BBC-2

A NEW BBC TV series, Roadworthy, which can help to cut the cost of motoring for owner-drivers, was given a preview yesterday. Roadworthy introduces the basics of car maintenance to beginners in ten 25-minute programmes to be screened on BBC-2 on Friday evenings from October 14.

The programme's producer, Charles Pascoe, said: "New figures show that [illegible] costs between £8 and £25 a week to keep a car on the road and more and more owner-drivers will be looking for ways of cutting costs. We are concentrating on what beginners can do without elaborate equipment."

Roadworthy will be presented by Judith Jackson, motoring correspondent of The Sunday Times, and Richard Hudson Evans, author and broadcaster on motoring topics.

GOLF — BY BEN W

Irwin triumph in the m

HALE IRWIN, the 1973 U.S. Open champion, will meet his closest friend, Australia's Graham Marsh, in the first semi-final of the inaugural Colgate World Match Play Championship here to-morrow over 36 holes on the increasingly sloppy West Course.

In the other semi-final, the 20-year-old Spaniard, Sevvy Ballesteros, who has proved himself beyond doubt to be the leading player in Europe, will meet the 1976 U.S. Masters champion, Ray Floyd.

In the muddy, damp and grey conditions that prevailed throughout to-day's quarter finals Irwin smashed the South African Hugh Baiocchi by eight and seven and Marsh accounted for the other Spaniard, Manuel Pinero, by three and two. Ballesteros was lucky to find the U.S. Masters and our Open champion, Tom Watson decidedly below form. But the opportunist Spaniard was in no mood for mercy and saw off the favourite by five and four.

Ruthless

In the last match Floyd trailed all the way against his compatriot, the diminutive USPA champion, Lanny Wadkins, but got his nose in front where it mattered, on the final green, winning by one up when going ahead for the first and only time.

Irwin, who wears spectacles, once again proved himself to be the hardest man in the business in this type of golf. As a former all-American University football player, he relishes the head-to-head conflict. He sets out with utter ruthlessness to keep his wayward shots to the minimum, and that is all that is required at this form of golf unless one's opponent goes mad.

Baiocchi was unlikely to do that, since by his own admission last night he felt slightly inadequate in the presence of a man he has always revered for his competitive ability.

Irwin was four up at lunch, round in 68 to the strict par of Baiocchi—73. The decisive three holes came into focus at the fourth hole of the afternoon and thereafter. At the fourth Irwin hit his second shot stone dead for an eagle three, having lost the first hole. This put him five up again, and at the 191-yard fifth he slotted a 30-feet putt with Baiocchi's sitting six feet from the hole.

The S. African did well to salvage a half in two, but Irwin really rammed the knife home at the next where he holed a putt from a similar distance for a birdie to go six up and crush his opponent's resistance. Baiocchi fell apart and, out in 32, Irwin coasted to victory. He had offered his hapless opponent no opportunities whatsoever.

The second match hinged on an incident that occurred when Pinero, who had led from the start, came to the 14th green two up. He conceded a putt of about 18 inches to Marsh but, much to his surprise, was then asked to hole one of slightly less distance for a half in three. This is the oldest tactic in the game, and Pinero fell for it completely.

With the crowd hustling up the hill behind him, trying to get into position for the Watson-Ballesteros match, Pinero for once allowed himself completely to lose the concentration that comes so naturally to him. He took a quick flick at his putt and missed it.

Pinero said later that he made a mess of the next four holes, thus going into lunch two down, because he lost his ... being angry with himself ... the dust settles—or ... becomes more solid— ... Pinero will admit that ... infuriated with his opp... succeeding with a simp... of gamesmanship.

Marsh told me ... "Manuel is such a ... putter anywhere near ... that when we came to ... in the morning and ... had to hole out, I ... would test him. It was ... than that."

No further comment.

Brilliant

Ballesteros has now pl... best part of four rounds ... once taking three putts ... his attractive Engl... described as "No bad ... my putter the music is ... Watson played very ... his own standards, and ... hated it, since he had sp... darkness intervened in ... last evening on the ... ground trying to sort ... out.

There is nothing that ... Ballesteros if he can ... putter warm that h... brother, Manuel, gave ... years ago.

July cinema attendance up

Financial Times Reporter

THE WEEKLY average of admissions to British cinemas during July, counted as a four-week period, was 1.87m., and the weekly average of gross box office takings was £1.62m., according to statistics in the journal Trade and Industry published to-day.

These figures compare with 1.76m. admissions in July last year and with gross box office takings of £1.31m.

A table in Trade and Industry gives details of films registered by the Department of Trade during the week ended September 30 under the Films Acts 1960 to 1970, as amended by the European Communities Act 1972.

A total of 15 films were registered—five as British quota films, two as Community quota films, and eight as foreign films.

Unemployed 'could work for sport'

A VAST amount of work ... to improve Britain's ... recreation facilities ... carried out by ... people, it was suggested ... day by the Central Co... Physical Education.

The council said: ... estimated £20m. a ... purposeful, multi-skill ... force could provide for ... a new lease of sporting life.

The suggestion is made ... Manpower Services Commi... in reply to a request for ... ments on a discussion docu... about providing temporary ... for the unemployed.

A special force should be set ... soon as possible, says the cou... to turn derelict land in the ... into sports and play ... improve existing stadia and ... rivers and canals.

Dreaming spires of the Latin quarter

William Morris: shy pioneer of the motor industry

BY PETER CARTWRIGHT

IT WAS not some time ago when ... referred to ... the Latin Quarter of Cowley. Many companies have followed William Morris to the city and now you reach the centre through an industrial suburbia. It is Morris's abiding memorial, whether appreciated or otherwise, that he made a centre of learning into the best known motor-industry centre in Britain.

Such is the effect of universal education and the excessive publicity given to Morris's successor, British Leyland, that few people think of Oxford in terms of learning before a centre of industrial strife.

William Morris: pugnacity showed when he bought the golf club, lock, stock and barrel.

Propelled

A reminder of earlier, more peaceful days is being presented through an exhibition of the life and times Morris in the appropriate setting of a city-centre car-park, even though it is populated by foreign cars.

The exhibition illustrates the evolution of the motor industry; much less about Morris, a shy man who only broke into the headlines when principles were offended, or events propelled him.

On display is the first bicycle Morris made, the progression to the bull-nosed Morris car of 1913, the first moving car-assembly track of the early 1930s, and all the paraphernalia of the establishment of a British motor industry now sadly reduced to only a half of its home market.

But while Lord Nuffield's triumphs and his contribution to personal transport and hospitals are well-documented, with some stunning photographs of a past era in the motor industry, not much is to be gleaned about the personality behind the success.

His fight with the local council over buses is revealed. More than a decade after London had progressed to the internal combustion engine, Oxonians were still being carried by horse-drawn buses.

Morris bought a dozen buses with internal combustion engines, but had to run it as a private service because the council had secured an injunction against him.

However, the Council was forced to set up a rival service and eventually to buy out the more popular Morris way of travel.

Pugnacity surfaced occasionally. Rejected by Huntercombe Golf Club because he had made his money instead of having it bequeathed to him, Lord Nuffield bought the course lock, stock and barrel and the clubhouse became his home for many years.

Again pugnacity showed in the public disagreement with his old friend, Frank Gray, owner of the local paper.

He had gone to America with Gray to buy engines and other components to expand Morris Motors in the disused military training college at Cowley. Frank Gray was a Free Trader and a Liberal.

Morris was one of the first to lead the "British is best" campaign and embraced the McKenna form of protection and import duties. He tended to forget that the 200 U.S. engines he had available after the 1914-18 war enabled him to get off to a quick peacetime start.

Many thought his arguments with Gray uncovered an unsuspected instability of judgment and character. Later, Oswald Mosley founded his fascist-type New Party in 1933, and Morris donated £50,000 and supported the associated paper, Action, until, in ten weeks later its circulation dived from 160,000 to 16,000.

Morris there was all for action. If only Hitler could speak English, Morris said, he would have gone to see him long ago to try to reverse the march of events. In the end he became a loyal supporter of Chamberlain's appeasement policy.

Curiously, unlike his arch-rival, Austin, who designed tractors and other vehicles, Morris stuck to cars and derivatives. Although during the wartime build-up he was interested in U.S. designed one-man tanks, he was primarily an assembler par excellence, whose humanitarian spirit and his great gifts to the medical profession were shown in the development of ambulances.

Neglected

Just before the 1939-45 war, he set out to build iron lung machines for any hospital in the Empire. One of the first went to Guy's Hospital in 1938, where he was treasurer.

He also developed the "Oxford vapouriser" which enabled anasthetics to be given during battles. For a great industrialist and someone who gave away more than £30m. and another £10m. to establish Nuffield College, Morris has been singularly neglected.

In any other city he would have become a cult figure, though possibly this was more than the university could bare stomached. The exhibition has stopped New College from demolishing Morris Garages to Long Wall Street. The local conservation officer wants to preserve more than just the facade as a historic monument.

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 a.m. Open University (UHF only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.25 p.m. Golf: Colgate World Matchplay Championship. 12.45 News. 1.00 Pebble Mill. 1.45 Barnaby. 2.00 For Schools, Colleges. 3.00 Golf—further coverage. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 The Record Breakers. 5.05 Blue Peter Special Assignment. 5.40 News

5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.45 Sportswide
7.10 The Early Film: "Kimberley Jim" starring Jim Reeves
8.30 The Liver Birds
9.00 News
9.25 The Horse of the Year Show
10.45 Tonight (London and South-East only)
11.15 Regional News
11.16 The Late Film: "The Happening" starring Anthony Quinn

All Regions as BBC-1 except at the following times:—

WALES—1.45-2.00 p.m. Cwmtiglil (Puppet programme). 5.55-6.20 Wales To-day. 7.10 Heddiw. 7.30 Cawl a Chan. 8.00-8.30 David Essex. 10.45 Kane on Friday. 11.15-11.16 News for Wales.

SCOTLAND—10.23-10.43 a.m. [illegible] 11.05-11.25 For Schools. 6.45 p.m. Reporting Scotland. 6.25 The 74th National Mod. 8.30-9.00 The Food Programme. 10.45 Shetland Patterns. 11.15-11.16 News for Scotland.

NORTHERN IRELAND—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 An Evening at the Riverside. 11.15 News for Northern Ireland.

ENGLAND—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.45-11.15 East (Norwich) On Camera; Midlands (Birmingham) Life's Work; North (Leeds) Politics North; North East (Newcastle) Northam; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) The Ninety Minute Man.

BBC 2

6.40-7.55 a.m. Open University
9.30 Labour Party Conference
11.00 Play School
11.25 Labour Party Conference
12.45 p.m. Golf/Racing from Ascot: Colgate World Matchplay Championship and at 2.00 Racing from Ascot
4.55 Open University
7.00 News on 2 Headlines
7.05 Bellamy's Britain
7.30 Newsday
8.10 Gardeners' World
8.35 The Money Programme—I Will If You Will: the new round of pay deals
9.00 Horizon
9.50 Anna Karenina
10.40 The Book Programme
11.10 Late News on 2
11.20 Golf highlights

LONDON

9.30 a.m. Schools programmes. 11.55 Felix the Cat. 12.00 The Learning Tree. 12.30 p.m. The Roger Whittaker Show. 1.00 News [illegible] Labour Party Conference [illegible] 3.25 Racing from York. 4.15 The Sweet Family Robinson. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News
6.00 Thames at 6
6.25 Crossroads
7.00 The Muppet Show
7.30 The World of Pam Ayres
8.00 [illegible]
9.00 Love for Lydia
10.00 News
10.30 Russell Harty
11.30 The Friday Film: "A Nice Girl Like Me" starring Barbara Ferris and Harry Andrews
12.55 a.m. Close—Flora Larsson poems read by Joan Scott

All IBA Regions as London except at the following times:—

ANGLIA [illegible]

ATV [illegible]

BORDER [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

SOUTHERN [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

WESTWARD [illegible]

YORKSHIRE [illegible]

RADIO 1 247m [illegible]

RADIO 2 1,500m and VHF [illegible]

RADIO 4 434m, 330m, 285m and VHF [illegible]

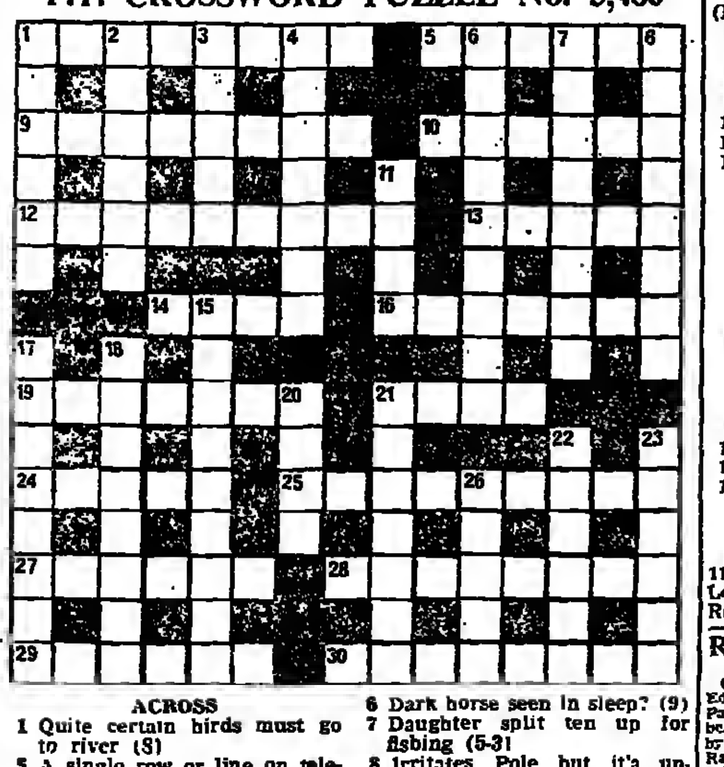
RADIO 3 464m, Stereo & VHF [illegible]

BBC Radio London 206m and 94.9 VHF [illegible]

London Broadcasting 261m and 97.3 VHF [illegible]

Capital Radio 194m and 95.8 VHF [illegible]

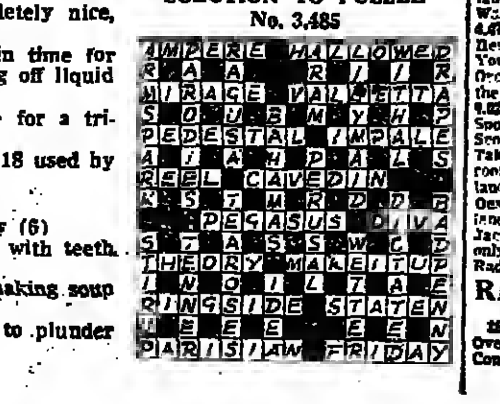
F.T. CROSSWORD PUZZLE No. 3,486



ACROSS
1 Quite certain birds must go to river (8)
5 A single row or line on television (6)
9 A French land which is not refined (8)
10 Light part of design item (6)
12 Get away quickly for a meal (9)
13 Child and Capone sum up (5)
14 Does it provide light in Caithness? (4)
16 Places for underwear (7)
19 Clever with a chopper (7)
21 Prosecute their leader for fat (4)
24 Subject to French and German articles (5)
25 Pelt with rock a niggardly person (9)
27 Anger, not completely nice, but pacific (6)
28 Doctor gets one in time for process of drawing off liquid (8)
29 Go and telephone for a triangular piece (6)
30 Southern elite for 18 used by RN (8)

DOWN
1 Plump fish gets by (6)
2 Egg rising in fish with teeth (6)
3 Store liquid for making soup (5)
4 Dashed with bag to plunder (7)
6 Dark horse seen in sleep? (9)
7 Daughter split ten up for fishing (5-3)
8 Irritates Pole but it's unnecessary (8)
11 Fastener for horses? (4)
15 In translation it's upside down (9)
17 Charging airman, copper has to confess (8)
18 Hat that could be on top of mine (8)
20 A trick it's right to employ (6)
21 Type of cup for jockeys (7)
22 Robber gets one right in the bead (6)
23 Be present at a race to the finish (6)
26 Jerk and a coquette (5)

SOLUTION TO PUZZLE No. 3,485



Valentino Vanquished by GEOFF BROWN

Valentino (X) Leicester Square Theatre
Caddie (A) Odeon Kensington
Odeon Swiss Cottage
Suspiria (X) ABC Shaftesbury Avenue
Slap Shot (X) ABC Shaftesbury Avenue
Independent British Shorts

"You make him sound like a battleship!" scriptwriter June Mathis tearfully notes as George Ullman, Valentino's business manager, prompts her memories of the silent screen's most adored lover, now the subject of Ken Russell's latest biographical extravaganza — "After all," he says, "you did launch the guy!" But what have Russell and his interpreter Rudolf Nureyev made him sound like? Not a battleship certainly, yet not the "pink powder puff" which he was taunted with being during his life, and which most audiences would probably expect from Ken Russell—given his penchant for jumping to hasty, highly-coloured conclusions about the lives and inner drives of his historical subjects. In fact the film proceeds for much of its two hour journey on a curiously even keel, presenting a sumptuously designed collage of memories prompted by the gathering of the clans, fans and newshounds at Valentino's funeral parlour. We see his early days as a so-called "taxi-dancer" in a New York ballroom, the beginnings of his film career in comedy shorts, his first starring role in the 1921 Four Horsemen of the Apocalypse, his relationships with the extravagantly mystical Natasha Rambova (Michelle Phillips) and her attendant siren Alla Nazimova (Leslie Caron). The moments of excess are comparatively few: there is the grotesque portrayal of the silent comic "Fatty" (that is Arbuckle), as an infantile monster of insufferable jollity, and Valentino's miserable night in prison where he is tormented in ways I won't describe, by his guard and fellow prisoners.

One's complaint, however, is not with such indulgent set pieces but with the sheer rapidity of the whole film — its signal failure to generate dramatic tension and to penetrate beyond the immediate surface of Valentino's life. Nureyev is undoubtedly a pleasure to watch (particularly when he teaches the tango to Anthony Dowell's Nijinsky). And his accent — half Rusian, half Italian — has the same idiosyncratic attraction as Bela Lugosi's (though the comparison stops there!). But he can only approximate to Valentino's luxuriant Latin looks (he is too lean, too mature), and the script by Russell and Mardik Martin further reduces his potency by treating his career in such a flimsy way. In some ways Russell is right to give attention to the exotically romantic ambience of the star's life-style, rather than the actual content of his films — for the myths which grew up around him were (and remain) a key part of his phenomenal appeal. But Russell characteristically overplays his hand here, and his cavalier use of simulated clips from the films for purposes of comic deflation (a silly seduction scene from The Sheik following a real one in the same location tent with Nstasha) only exposes the basic shallowness of his approach. The film also suffers from that glossy impenetrable surface common to so many dips into Hollywood's past, which invites one to gaze in awe at the dazzling sets and costumes but never forces one to participate in the events enacted within them. And the supporting cast of English troupers, from Peter Vaughan's newspaper boxing editor to Felicity Kendal's June Mathis, only make the affair more artificial by sounding in their earnestness more American than Americans.

★

The visual opulence of Valentino finds a modest echo in Caddie, made last year by the Australian Donald Crombie with finance valiantly derived from the Australian Film Commission, Australian television, Australian film distributors, funds set up for International Women's Year and no doubt the Post Office savings of Uncle Tom Cobleigh. The film also shares a curious stylistic resemblance to another quality Australian import, Michael Thornhill's Between Wars. There is the same soft focus photography, casting a romantic, nostalgic light over its period settings (the narrative covers the years from 1925 to 1932). There is also the same understatement and leisurely pace—in such sharp (and perhaps deliberate) contrast to the crudities of the Barry Mackenzie school. Caddie (played by Helen Morse) leaves her philandering husband and a safe middle-class existence in Sydney and struggle to set up a new home with her two children. She eventually finds employment as a barmaid in a rough-and-tumble establishment where a bookmaker christens her after his newly acquired Cadillac, sharing as she does its two salient qualities of beauty and class. Being a strong-willed but undemonstrative girl, she buckles to and bears up with an almost British stiff-lipped fortitude under the many succeeding crises: separation from her children, separation from her newly-found lover and helpmate, malnutrition, unemployment.

Helen Morse gives an endearingly gracious, finely controlled performance, though as with her blood-sisters and brothers in British war films her restricted emotional range has a slightly aggravating cumulative effect. In this she reflects the whole film, which proceeds at a pleasantly painstaking pace, lovingly dwelling on Caddie's new social environment (the clamouring customers at the pub with their occasional sports of fighting and vomiting, the harridans revealed occupying the "ladies' parlour," shelling peas, gossiping, drunkenly staring at their empty spirit glasses). Yet for all tha fine work the film contains, it ultimately seems a little too meticulous, a little too limited in its outlook and effect. And the sheer *goodness* of Caddie and her friends (Peter, the Greek businessman: the two friendly brothers who come round delivering rabbits during the Depression) does prove wearing. The Devil, unfortunately, still *seems* to have all the best tunes, or at least the boldest ones.

★

A clear example of this may be found in the Italian Black Arts shocker at the Shaftesbury Avenue ABC. "You have been watching *Suspiria*," the audience is informed at the end—a statement which might well make one purple with guilt at having sat through such blatant trash so happily. This grisly story takes place in the *Dance Academy* at Freiburg, a building decorated in colour-schemes so bizarre that they must have been perpetrated by the blind pianist who accompanies the girls for their *ballet classes*. Others on the staff include a sadly rumpled Joan Bennett as the head teacher, a mannish Alida Valli as her second-in-command, and a silent, hideous Rumanian handyman. The chief pupil, newly arrived from the States, is Jessica Harper, *whose* pretty, humourless demeanour makes her an easy target for all the startling *tricks* and *traps in* the Black Arts armoury. At first the sense of menace is strictly mundane—the opening and closing of the automatic doors at the airport, the howling storm, the taciturn taxi-driver. But by the end we've seen a swarm of maggots infecting the pupils' bedrooms, a girl meeting her death in a pile of wire mesh. . . .

This supremely beady concoction has been made even stronger by its astounding soundtrack — a multi-track cacophony of moaning choruses, percussion bangs and rattles, sinister whisperings and snorings, which engineers a constant level of high tension even if the accompanying images are static. Dario Argento, the writer-director-composer of this utterly ludicrous film, has been noted before as a man of bizarre imagination, to be grouped with other Italian fantasy masters like Mario Bava. And while *Suspiria* shows his talents in rather diluted form, there is undeniable grandeur in the way he bludgeons the audience into submission simply by making every possible element in the film as outlandish as possible.

★

Those in search of something more tasteful might imagine that they would be better served by *Slap Shot*, showing in another nook of the Shaftesbury Avenue ABC (as well as all parts of the Plaza). The star, after all, is the upright, finely chiselled Paul Newman, the director is George Roy Hill, responsible for many slick but honourable entertainments. How wrong would they be! For *Slap Shot*, which has an original screenplay by Nancy Dowd, is of unbridled coarseness: the language of the characters is coarse in a monotonous, unimaginative way, and the script's juggling of characters and meanings similarly lacks any polish. Like Michael Ritchie's undervalued Good *News Bears*, the film deals with an inept sports team who surprise themselves, *their coach*, the audiences and their rivals by turning victorious. But there are no comparisons to *be made with the* acuteness of Ritchie's comic observations.

The sport here is ice hockey: *Newman is* Reggie Dunlop, coach for the Charlestown Chiefs, a low-spirited bunch all set to fold at the end of the season. Their fortunes turn when they play dirty—beginning with Reggie taunting the opposing players with the wayward sexual habits of their wives, and developing into a general recourse to outright violence, spearheaded by a retarded trio of bespectacled brothers. Around this, the film *attempts* to weave other, more thoughtful elements—Reggie's feelings of middle-age inadequacy and loneliness, the first prickings of his social conscience as he stumbles across the business manoeuvres which permeate the club's management and could result in the team's unemployment. But nothing is followed through and the film generally works on the dangerous assumption that it too *can* succeed like the Chiefs by playing dirty. But there is no sincerity behind the virulent bad languge and bad taste: the deliberately outrageous, tough *surface* merely tries to camoflage an opportunistic, sentimental muddle.

★

Last, but not least, there is a new showcase in London for that elusive, threatened species, the short film—the good short film, that is, bearing no relation to those hymns of praise for Caribbean pearl-divers or new ski-slopes which call forth audience derision, disgust and boredom. Under the umbrella of the Greater London Arts Association, four club cinemas are currently presenting half-hour lunchtime programmes of recent British independent shorts for a little less than the price of a beef buster and a plastic cupful of soup. The programming is complex: the films change weekly, and the same show runs at different cinemas (at 12.30 and 1.30) on different days (Monday — the Essential; Tuesday — the ICA; Wednesday — the Electric; Thursday—the Covent Garden)—an arrangement which may pick up more casual trade than anything else. But there are goodies here well worth seeking out on purpose. In the animation field there's nine films by Derek Phillips (October 17-20), an indefatigable one-man-band animator with a strikingly bold comic style. There's Bob Godfrey's joyous celebration of the life of Isambard Kingdom Brunel, *Great*, with its splendid singalong soundtrack by Jonathan Hodge (October 31-November 3). And next week there are two films from the National Film School: Keith Carter's *Switch Off* (a housewife taking a driving test) and *Ideal News* by Heather Holden, a corrosive report on the Ideal Home exhibition within the framework of a BBC news report by Angela Rippon. All programmes are worth investigating, and a phone call to the GLAA on 387 541 will bring you more information.

Michelle Phillips and Rudolf Nureyev in 'Valentino'

The Entertainment Guide is on Page 40

Toussaint cancelled

The industrial problems of the two major London opera houses continue. The English National Opera Company at the Coliseum announced yesterday that it was having to cancel the last two performances of David Blake's Toussaint on October 12 and 14. So the last performance of this new work, at least in the immediate future, will be to-night.

Already the Royal Opera House's production of "The Trojans" has had to be performed in a truncated form because of the dispute, which involves a new wages agreement for the choruses at the two opera houses. The English National Opera Company hopes to re-stage "Toussaint," but it is very unlikely to do so this season.

Lynne Miller and Edward Peel

Bush

Pillion by MICHAEL COVENEY

Paul Copley's delightful, touching new play is set in a shed in a small village in West Yorkshire. Here, Fenton Marshall, an unspoilt, uninvolved motorbike mechanic, pushing 30 and still devoted to his maroon Triumph Speed-twin that dominates the set, is an unwitting oddity in a changing environment. The planners have altered the country's boundary lines, the earth-movers are closing in: but Fenton goes on quiffing his hair, enthusing about his father's outdated herbal concoctions and shrugging off the reported interest in him of Mary "Big Tits" Green.

He does so surrounded by a rubicund work-mate and a couple of other visiting youngsters, all of whose backgrounds and characters emerge with startling economic clarity. There is some good old-fashioned Pinteresque mood painting in the piece, most noticeably when the company is interrupted by a teenage, retarded girl from the village who is encouraged to strip off to the accompaniment of one of Fenton's ancient pop records.

Mr. Copley obviously knows intimately the neck of the woods he is describing, and one of the evening's sheer sensual delights is the endless stream of topographical detail and affectionate reference to local characters who never appear: the old boy in the newsagents, for instance, through whose shop window Fenton once careered on his beloved bike.

The play is given a little obvious shape by an offstage accident involving Fenton and his sister (Lynne Miller) which serves to jolt the mechanic somewhat surprisingly into a change of heart and trousers. But the writing is so careful, so exact and so downright skilful (astonishing to think that this, I believe, is only Mr. Copley's second play) that even the concluding moments of retraction and silent departure as the idiot girl bangs unheeded on an empty oil can come across with telling power.

Edward Peel is marvellous as Fenton, a huge, bear-like presence with a soft Yorkshire growl, and there are superb performances from Billy McColl and Kevin Moreton as the young boys. The director is Chris Parr, the designer Grant Hicks. All involved are responsible for a beautiful, heart-warming piece of work.

Arts, Cambridge

The Sorrows of Frederick by B. A. YOUNG

This interesting play by the American writer Romulus Linney presents the life of Frederick the Great in the quick, trenchant lines of the cartoonist. We see him first in the field, near the end of his life—woken at five, the morning's business despatched in a few characteristic moments, then up on his horse to harangue the men before action. From that point we move back to observe him from the days when he was a careless, flute-playing prince.

The transformation into the bloodstained tyrant he was to become in the selfless pursuit of what he reckoned was his duty is made in a series of short, bold scenes. The part of Frederick calls for playing of great subtlety, and Tom Conti's rendering is outstandingly good. He is an actor who calls in every joint of every limb in his performance, and the process of maturing, both intellectually and physically, is shown in telling but never obtrusive detail. He even plays Frederick's music on an old boxwood flute. The performance is worth going miles to catch.

The King is always shown surrounded by four symbolical aides, a general (Donald Eccles), a doctor (Henry Moxon), a chancellor (André van Gyseghem) and a bishop (Arthur Howard), who remain unchanged during the 74 years' span of the play. The strong casting in these parts pays ample dividends. We have Voltaire, of course (David Collings, a little short of panache but not J.S. Bach). Lynd. The designs by Gordon Alldred—a tent, a palace, a battlefield, called up by the economical use of essential components—are as charming as they are evocative. I particularly liked the great grey horse which the old King mounts to address his troops.

Mr. Linney is not afraid of illustrating his biography with strongly dramatic moments. The bullying of the young prince by his father, Frederick William I (notably played by Rowland Davies, complete with stomach of 8 feet 6 inches circumference), who shows his contempt for Frederick's artistic endeavours by painting his portrait as a monkey; the visit of the unhappy Queen (Louise Breslin) in rebuke him in mid-campaign for his sexual frigidity; Frederick's postponement of an attack in order to return to Sans Souci in bury a favourite greyhound—these make exciting theatre as well as providing sharp detail in the delineation of the King's character.

The imaginative production is yet another success for Jonathan Lynd.

Festival Hall

LSO/Jochum by ARTHUR JACOBS

Those who find the Royal Philharmonic Society an anomaly in London's present musical life (it has no connection with the Royal Philharmonic Orchestra) had their views confirmed on Wednesday. In its 19th-century beginnings the Society was a self-governing organisation of the players themselves and a firm pace-setter of musical taste. Now it is the hirer of various orchestras and performs what everyone else does, more or less. Last night it employed the London Symphony Orchestra under Eugen Jochum in an all-Beethoven programme such as might have been promoted by the orchestra itself (or any other orchestra) when out for an easy kill at the box-office.

Not that the performance itself lacked distinction. Christoph Eschenbach as soloist in Beethoven's Piano Concerto No. 1 confirmed his place among the most satisfying of to-day's pianists. In the first movement his big, commanding style allowed the many scales and arpeggios (in lesser hands apt to seem mere decorative passage-work) to stand as an integral part of the fabric. A slow movement with the most delicate soft tone was followed by a finale of such vigorous, infectious gaiety at the keyboard that even a critic's foot could scarce forbear to tap.

To this concerto Eugen Jochum supplied an orchestral accompaniment both sturdy and responsive, though not always perfectly balanced in instrumental detail. Some gruff horn-playing showed here, as in the *Fidelio* overture which opened the programme. But in the *Pastoral* symphony the tone was richly pleasing, the lyrical span of the music delightful. The LSO played well indeed for their "conductor laureate," with distinctive solos from such players as Peter Lloyd (flute), Anthony Camden (oboe) and Jack Brymer (clarinet). In the celebrated nightingale / quail / cuckoo trio they were momentarily joined by a less welcome creature, the Greater London Concert Cougher.

Country Cousin

Wayland Flowers by ANTONY THORNCROFT

Although Londoners think it rather naughty to be up after midnight there must be many visitors who imagine the city can offer a wide choice of respectable late night cabaret spots. They face constant disillusionment. Hence a new season of cabaret at Country Cousin, the capaciously converted warehouse at what was the wrong, and is now the right, end of the Kings Road has to be welcomed.

The first artist promised well, one Wayland Flowers, described as a "high camp" comedian and a veteran of the U.S. night spots. It seemed like horses for courses and I hoped to be in at the kill in the discovery of a gay Lennie Bruce. But, like the tourists, I was disillusioned.

Wayland Flowers is a decadent Rod Hull, with an ageing society hostess, Madame, as his Emu-type glove puppet. But while Rod Hull is manic Madame seemed to be depressive, at least at the early show on Wednesday. Perhaps it was too soon in the evening for Mr. Flowers to get his adrenalin going: perhaps it was nerves at appearing in the U.K. for the first time with a very American act. But the artist was suffering more than the audience.

There were good lines, but none better than you would expect at one of London's "drag" pubs, and Mr. Flowers was very nimble with the strings. He is no ventriloquist, but he managed to centre all the attention on Madame, and his other puppets, an androgynous teenage monster and a hip black girl. He also had his fans in the audience, but perhaps the insistent sounds of the taxi service which operates downstairs from the Country Cousin, distracted him, aggravated by doubts about whether the British knew their way around his transatlantic underworld patois.

Whatever the reason when an artist asks for questions from the floor and fails to come up with witty, if well rehearsed repartee, there are few excuses. But if you like "X" rated versions of Andy Pandy see Wayland Flowers when he has acclimatised. The food is not bad, and the ambiance is never less than interesting.

'Debenhams Concerts at the Wigmore Hall'

Ian Hunter has announced plans for a series of recitals and chamber concerts in the Wigmore Hall under the sponsorship of Debenhams. The series, to be called *Debenhams Concerts at the Wigmore Hall*, was devised to enable distinguished artists who favour the atmosphere and acoustics of this Hall to play together. It will last from this month until March, 1978.

Yehudi Menuhin will be joined by his sister Hephzibah, Eric Fenby, and a young viola-player from his school in an evening of Delius, Mozart and Elgar; Clifford Curzon joins with the Gabrieli String Quartet in an evening of Schubert; Peter Pears is joined by Murray Perahia for two song recitals; and Robert Tear joins Benjamin Luxon for an evening of Victorian songs and ballads.

Julian Bream will give two guitar recitals and Paco Pena two evenings of flamenco music; Benjamin Luxon will give a performance of Schubert's *Winterreise* cycle; John Lill plays Beethoven sonatas; and the Academy of Ancient Music ends the series with an evening of Vivaldi.

EUROPEAN NEWS

New Politburo man likely to be Soviet Deputy President

BY DAVID SATTER — MOSCOW, Oct. 6.

MR VASILI KUZNETSOV, the Deputy Foreign Minister, who became this week a candidate member of the Soviet Communist Party Politburo, is the man most likely to be named to the post of Deputy President, according to a usually reliable Soviet source.

The appointment of Mr. Kuznetsov, 76, a former ambassador to China and for many years the principal deputy to Mr. Andrei Gromyko, the Foreign Minister, would underline the protocol significance of the deputy presidency, and put an end to speculation in the west that the new post is to be used to groom a successor to Mr. Leonid Brezhnev, the Soviet President and party leader.

Until recently, the Ukrainian party leader, Mr. Vladimir Shcherbitsky, 59, had been considered a leading contender for the new post because, last month, he received his second Hero of Socialist Labour award and has been associated in the Soviet Press with the successful harvest in the Ukraine.

The Soviet source, however, said that the granting of honours to Mr. Shcherbitsky may have been coincidental, and that the Soviet politburo, for internal reasons, would probably seek to avoid giving the impression in any choice of a deputy president that a successor to Mr. Brezhnev had been effectively chosen.

Icelandic civil servants to go on strike next week

BY JON H. MAGNUSSON — REYKJAVIK, Oct. 6.

MORE THAN 90 per cent. of the 13,000 civil servants in Iceland have voted to strike for the first time on October 11, unless the government comes up with new wage offers.

"The government will discuss whether it is possible to find some solution of the dispute before the strike takes effect," said Mr. Geir Hallgrimsson, the Prime Minister.

The strike would bring the Icelandic economy to a standstill in a few days. All government services would stop, including post and telegraph, flight control, television and customs. But radio broadcasting would operate on an emergency basis. Police, fire, ambulance and hospital services would continue, but only to serve minimum requirements.

Icelandic civil servants got the right to strike two years ago during the last wage negotiations with the government after years of fighting for it. The leadership of the Association of State and Local Employees seems determined to use its new weapon, if only to secure what it has promised its rank and file membership.

Ekofisk oil spill 'low'

BY FAY GJESTER — OSLO, Oct. 6.

THE TOTAL amount of oil spilled into the North Sea during the Ekofisk well blow-out in April was only about 12,000 tonnes, or 1,700 tonnes per day—far less than originally estimated. This was revealed by experts from the Norwegian Institute for Continental Shelf Research at a meeting in Trondheim.

A report on the blow-out, prepared by the Institute for the Industry Ministry, says that 1,667 cu. metres of oil were collected. Of the various types of booms and skimmers used to combat the spill, only one type of boom, and one kind of skimmer worked satisfactorily.

Commenting on the report, Mr. Hans Christian Bogge, of the state Anti-Pollution Authority, said that it was now considering whether it should raise the performance standards demanded of oil booms intended for North Sea use. At present, the official requirement is that booms should be able to function at wave heights of 2.5 metres.

One speaker at the Trondheim meeting stressed the element of good luck, "including the relatively favourable weather, which reduced the ill-effects of the blow-out. Thanks to a fortunate combination of circumstances and the effect of dispersants, oil and gas released into the environment had been 'minimal,'" said scientist Mr. Eirik Lande.

SPANISH POLITICS

Stealing the opposition's clothes

BY DIANA SMITH IN MADRID

THE CALLING by Sr Adolfo Suarez, the Spanish Prime Minister, of a meeting of leaders of all political parties in the Cortes this weekend, to seek support for his new economic plan, highlights what has become almost the hallmark of his rule. Four months after Spain's first free elections in four decades, his minority centrist Government is still in command of the political arena; he has achieved this by avoiding confrontation and adopting, in some form or other, many of the demands of the opposition parties.

The powerful Spanish Socialist Workers' Party (PSOE), and the Communists (PCE) who won only 9 per cent. of the vote in the elections, but are strong in the industrialised north, as well as in impoverished Andalusia—have opposed the Government on a wide range of issues. They have stressed civil rights, a further amnesty for political prisoners (vital if tension in the Basque provinces is ever to be defused), the strengthening of trade union powers, non-alignment in foreign policy, and the maintenance of living standards in face of inflation now officially forecast to be 30 per cent. this year.

But when the opposition parties have tried to pick a fight with Sr. Suarez's Government, either inside or outside the Cortes, they have been met with, instead of resistance that would sharpen their weapons and enhance their image, a cordial response and even agreement. The Government's constant adoption of opposition proposals for reform has made it hard for the Socialists and Communists to find charismatic causes, and has made it necessary for both parties to constantly update their platforms for the municipal elections due before the end of the year. At the same time, neither party has wanted to push opposition to the point where it threatens the country's stability; and in consequence, they often seem like the Government's echo-chambers — with slightly distorted volume. Their "politeness" is thought to have lost them some of their more radical supporters.

At the same time, Sr. Suarez's need to find some consensus basis for government has been reinforced by developments in the Cortes, which have also put him under new pressure. From being a studiously-polite club of heterogeneous new members, whose purpose was merely to draw up a constitution and quietly study Government proposals in committee, it has acquired quasi-legislative status, with full-scale debates of major legislation, and the right to table motions of censure and confidence. Once again, the alacrity with which the Government conceded the right to table motions of censure or confidence took much of the wind out of the opposition's sails; but the left-wing parties still hope to establish themselves in the Cortes as a strong alternative to Sr. Suarez's Union of the Democratic Centre (UCD) grouping.

Besides the problems of dealing with the opposition, Sr. Suarez has also had problems with his own heterogeneous collection of supporters. The UCD glued itself together hastily, and not very solidly, before the June elections in order to back Sr. Suarez's candidacy. The political opinions of its members range from social democrat, through liberal and centre right, to conservative, and its ideological unity has not increased since the elections. As soon as they were over, squabbles began inside the party, and they still rage.

A key area of disagreement has been over economic policy. The two economic ministers, Sr. Fuentes Quintana and Sr. Fernandez Ordonez, are reformers. They aim to fight slowness in economic growth and inflation with a credit squeeze—despite its adverse effects on companies—to modernise a tax system which favoured the better off at the expense of the low-paid, to reform a stock exchange dominated by big banks and monopolies, and to strengthen competition. In return for reforms, they hope for moderation in wage demands and the co-operation of labour.

However, their emphasis on reform has met fierce criticism from Government colleagues more concerned with the maintenance of the UCD's constituency than with policies to improve the Spanish economy. Arguments over economic policy raged so violently during Sr. Suarez's absence abroad in early September that there were rumours of an early collapse of the Government. Sr. Suarez regained control easily on his return and remains the UCD's overwhelmingly dominant figure. But the question remains whether one man can indefinitely hold together an ill-assorted and disputatious group whose arguments become more strident as reforms and the economic pinch begin to hurt key business and banking sectors.

At the end of September, both management and labour were demanding an end to uncertainty over the Government's economic programme. The PSOE, the Communists and the independent socialist Popular Socialist Party all demanded a specific economic programme. Business uncertainty had dramatically reduced share values on the stock market, depressed investment, and, in many cases, created serious financial difficulties. The Government's failure to lay down clear wage guidelines for 1977-78 had encouraged wildcat strikes based on exaggerated claims, spurred on by anarchist and extreme Left-wing unions. Socialist- and Communist-backed unions have urged moderation but are disgruntled by the Government's slowness in setting out guidelines and in returning those union assets which were seized by General Franco after the Civil War.

Unions feel their pressure for high wages is justified, in view of the high cost of living; management feels its pressure to keep down wages is justified in view of high production costs. A younger generation of management is prepared to negotiate with labour and seek energetically to find alternative markets abroad, and to accept the philosophy of "free market wherever possible, state intervention wherever necessary." Banks and state monopolies, whose management record has not always been perfect, are not happy with the risks and responsibilities imposed by a competitive open market combined with a credit squeeze but are gradually accepting the new conditions. But what both new guard and old guard in business as well as labour and the opposition parties, now are looking to, is a clear statement of the Government's intentions. This is due to be made in mid-October.

If the Union of the Democratic Centre has its own internal problems, life is made easier for Sr. Suarez by the fact that parties of the Left only sporadically form a united front against him, and also suffer internal dimensions. A Union of the Left, French-style, is not feasible in Spain at the moment any more than a "historic compromise" on the Italian model. The PSOE has been careful to keep its distance from the Communists. The moderate, Eurocommunist line pursued by Santiago Carillo, the Communist Secretary General, has not stilled the deep fears of the party which remain in many quarters. Communist calls for a national government, in which they would be included, fall on deaf ears.

Both the PSOE and the PCE also have internal troubles. Felipe Gonzalez, the Socialist Secretary General, is moving his party away from Marxist dogma towards social democracy; young socialists, in particular, are not keen to follow him. Sr. Carillo's moderate stance also displeases some of his rank and file, who see it as a surrender of principle. Meanwhile, the small parties further to the Left are fading with walkouts and expulsions. Some test of where all these different parties stand in the opinion of the electorate will be provided by the municipal elections which are due before the end of the year, to replace the Government nominees who currently serve as mayors and district councillors.

Meanwhile, though the political parties may have managed to work together with surprising success so far, Spain remains a divided society. Both the idealistic young, and the victims of the economic recession (800,000 out of a labour force of 13m. are out of work) are disenchanted with Government and opposition parties alike. In recent years, the well-to-do in Spain have indulged in a wave of consumption, which exacerbates the resentment of low wage earners and the jobless. And old evils of the Franco regime—like corruption in town planning—still remain. Though a good start has been made on the road to a stable democracy, the legacy of Franco is far from being totally overcome.

Spanish Opposition leaders have accepted an invitation from Prime Minister Adolfo Suarez for talks this week-end on the Government's plans to solve serious economic and political problems, according to informed sources, Reuter reports from Madrid.

Sr. Suarez called the two-day talks, starting on Saturday in an effort to prevent the Government's programme from being bogged down in the Cortes.

The sources said the Prime Minister was especially anxious to obtain the Opposition's approval for tough austerity measures to curb inflation. An economic blueprint was submitted by the Vice Premier for Economic Affairs, Professor Enrique Fuentes Quintana, to the Prime Minister last week, but has not been made public. Left-wing unions are already protesting against government proposals to introduce wage restraints.

EUROPEAN NEWS

EEC oil imports cut by slack demand, U.K. output

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Oct. 6.

THE VOLUME OF the EEC's oil imports fell by almost 6 per cent. during the first half of this year against the same period of 1976, partly because of slackness in demand and partly because of sharply higher output from the British sector of the North Sea.

This was reported to-day by the European Commission, which also estimated that the two most recent price increases decided by OPEC would result in an average 19 per cent. rise in the cost of oil imported into the EEC this year. It put the Community's total oil import bill this year at $2.5bn.

Consumption of all forms of energy rose by only 2.5 per cent. during the first six months of this year against the first half of 1976, to 464.9m tonnes of oil equivalent (TOE). The percentage increase was exactly equivalent to that of the EEC's combined gross domestic product (GDP).

The biggest single increase—39 per cent.—was for primary electricity and mainly reflected higher output from hydro-electric and nuclear sources. Oil consumption was off by 1 per cent. and lignite consumption by 8 per cent., while coal and gas use grew by 1.5 per cent. and 5 per cent. respectively.

Internal oil production in the EEC grew by 148.9 per cent. during the period to 21.9m tonnes. At the same time oil imports from outside the Community fell by 5.7 per cent. to 23.8m. tonnes from 247.9m tonnes in the first half of 1976. Imports in the second half of last year were even higher, at 269m. tonnes.

However, reliance on imported coal rose sharply, while internal production dwindled. Imports in the first half rose 17 per cent. to 15.8m. TOE, and internal coal output fell by 4.8 per cent. to 75.8m. TOE.

Italian nuclear scheme

BY PAUL BETTS ROME, Oct. 6.

THE ITALIAN Parliament has approved construction of eight nuclear power stations, but no provisions have been made so far over the key issue of cost.

Two years ago the Italian Government approved a much more ambitious nuclear programme involving the construction of 20 power stations. No action was taken, partly as a result of high costs but also because of resistance from the country's growing anti-nuclear lobby.

Indeed, the current "mini programme," which will provide for only an estimated 7 per cent. of Italy's energy needs by the mid-1980s, threatened to provoke a split among the signatories of the so-called recent Inter-Party Agreement on a common government programme, with the Socialists and the small Liberal Party opposing the nuclear bill.

During the protracted parliamentary debate, the Industry Minister, Sig. Carlo Donat Cattin, who proposed the revised "mini nuclear programme," in effect threatened to resign if the Bill was not passed. Sig. Donat Cattin opened the debate warning that Italy would face a "power crisis" unless it opted for the nuclear programme.

Meanwhile, and in the shorter term more crucial, the Italian Foreign Trade Minister, Sig. Rinaldo Ossola, is to visit Algeria at the end of the month where he hopes to finalise, among other ventures, a proposed underwater natural gas pipeline network linking Algeria to the Italian mainland. The project involves the annual supply of some 12bn. cubic metres of Algerian natural gas to Italy.

Italy seeks neutron bomb answers at Nato talks

BY DOMINICK J. COYLE ROME, Oct. 6.

THE ITALIAN Government, seemingly embarrassed over its lack of any specific knowledge about Washington proposals for possible European deployment of the so-called neutron bomb, expects some clarification of U.S. policy during a visit here next week by President Carter's Defence Secretary, Mr. Harold Brown.

Mr. Brown, along with other Nato Defence Ministers, including Mr. Fred Mulley, the U.K. Secretary of State for Defence, is to attend a meeting in Bari on the Adriatic coast starting on Monday next of Nato's Nuclear Planning Group. He will also visit Rome for talks before leaving for Yugoslavia.

Sig. Luciano Radi, under-secretary at the Italian Foreign Ministry, was clearly in some difficulties when pressed for information on Italy's attitude to the U.S. neutron bomb by members of the Chamber of Deputies' Foreign Affairs Commission here yesterday. Italy, he said, had not as yet taken a stand on the neutron bomb issue as the problem "must be carefully analysed inside the proper circles."

The forthcoming Bari meeting would, say the Italians, be an ideal venue for such an analysis, and Sig. Radi had to acknowledge before the commission that the debate on the question had thus far taken place without real information on the nature of the weapon.

Mr. Brown's visit to Italy comes at a time when the powerful Communist Party (PCI) here, which in effect maintains the minority Christian Democrat government in office, is understood to be pressing quietly for a change in the country's defence strategy.

In particular, the PCI is known to look with some disfavour on the considerable concentration of Italian land forces close to the border with Yugoslavia, and the party is also critical of the degree of effective integration between the command structure of the Italian Navy and that of the U.S. Sixth Fleet in the sensitive Mediterranean theatre.

However, Sig. Enrico Berlinguer, the PCI's General Secretary, who returned here yesterday from official visits to both President Tito and the Hungarian leader, Mr. Janos Kadar, has in the past made it clear that the Italian Communist Party, for the moment at least, is not calling for the country's withdrawal from Nato.

Sig. Berlinguer has argued that, in present circumstances at least, the military balance between Nato and the Warsaw Pact is a stabilising factor in the cause of maintaining peace, although other and much less significant, voices in the PCI have suggested that an Italian government which included Communists would side with the Warsaw Pact in the unlikely event of an open confrontation between the two military alliances.

Meanwhile, the foreign ministry here is understood to have prepared a private paper for the government answering PCI criticisms of Italy's present deployment of its defence forces and advocating that there should be no material changes in current defence policy.

Owen to meet Gromyko

BY DAVID LASCELLES

DR. DAVID OWEN, the Foreign Secretary, flies to Moscow on Sunday for two days of talks with Mr. Andrei Gromyko, the Soviet Foreign Minister, and other officials. It was not known last night whether he would see President Brezhnev, but this was not ruled out.

The visit forms part of the Anglo-Soviet protocol signed in 1975 to consult at Foreign Minister level once a year. Mr. Gromyko opened the exchanges when he visited London last spring.

Although Dr. Owen's return visit was delayed by his heavy schedule, he will be in Moscow at a good moment. The Belgrade Conference has just opened; so has the latest round of East-West military negotiations.

Mr. Gromyko has just returned from Washington, and the Security Council has agreed to appoint a special representative in Rhodesia.

During their two meetings in Moscow, Dr. Owen and Mr. Gromyko are expected to discuss détente, Southern Africa and the Middle East. Dr. Owen will put the British view that détente should not be confined simply to Europe but to other points of tension in the world.

He will also sound out the Russians on how they view the progress of the Belgrade Conference so far.

On Tuesday Dr. Owen will see Mr. Vladimir Kirillin, co-chairman of the Anglo-Soviet Joint Commission and a deputy Prime Minister. The British are keen to expand exports to the Soviet Union to even out the large surplus in the Russians' favour. The slow use Moscow is making of the British export credit of £950m. will also be discussed. So far, only one-third has been taken up.

Working conditions for British businessmen in the Soviet Union are likely to be discussed. Generally, however, there are few major issues in bilateral relations. Dr. Owen plans to raise some humanitarian cases privately.

In an unusual development, Dr. Owen will have a meeting at the Institute for World Economy and International Relations. It is hoped the atmosphere there will produce a less formal exchange of views.

It is understood that Dr. Owen would like to meet President Brezhnev, but that the Russians have given no indication whether this is on the programme or not. There is a long-standing invitation to Mr. Brezhnev to visit Britain, as Dr. Owen will remind his hosts.

Swedish industry gloomy

BY WILLIAM DULLFORCE STOCKHOLM, Oct. 6.

SWEDISH industry is pessimistic about business prospects for the next half-year and expects production and employment to decline during the winter. These are the main general conclusions of the National Economic Research Institute's September business survey, which was taken just after the 10 per cent. devaluation of the krona at the end of August.

The survey points out that industrial stocks of finished goods are still excessively high in relation to orders.

The total of new orders continued to fall during the third quarter and no increase is in sight. This is ascribed to the continuing weakness of domestic demand, while in general the decline in export orders seems to have halted.

Warning of bigger French wine 'lake' as production grows

BY DAVID CURRY PARIS, Oct. 6.

WITHIN a week of the British government serving notice that it will mount a new attack on the farm surpluses financed by the EEC's Common Agricultural Policy, a French expert has warned that the 7m. hectolitre (154m. gallon) French wine "lake" will expand to more than 11m. hectolitres by 1980 unless drastic action is taken.

The forecast is contained in a 500-page report on the French wine industry prepared for the French Economic and Social Committee by a former head of a young farmers' organisation, M Louis Lauda. He condemns vigorously successive French governments and Common Market authorities for "administering tranquillisers to a patient in need of a concentrated course of treatment, including several major operations."

He notes that the root of the French crisis, which is concentrated in the peasant farms of the south, lies in a steady decline in consumption over two decades and a progressive increase in output. The policy of trying to cope with excesses by large-scale distillation into industrial alcohol coupled with price controls, has encouraged farmers to increase output at the expense of quality. The quality of some French wine was so bad that about 5m. hectolitres a year had to be imported to increase its strength, M. Lauda reports.

In 1975, he recalls, the government envisaged the conversion of vineyards to other produce at the rate of some 7,000 hectares (17,000 acres) a year. In two years, a mere 1,000 hectares had been converted. Even at a faster rate, it could take 15 years to cope with the problem. This would be far too long in the light of the impact which the prospective entry of Greece and Portugal to the EEC would have on the Community wine market.

This is a sensitive issue for France, where there is deep concern about how the economically vulnerable and politically volatile southern farming population will be able to cope with competition from low-cost producers from other parts of the Mediterranean in such commodities as wine, oil, fruit and vegetables.

M. Lauda says that the government should concentrate on improving viniculture rather than conversion of vineyards. He called for improved storage and maturation facilities, and for the organisation of the market to penalise high yields and reward quality. He puts the cost of a five-year programme to improve viniculture at Frs.2bn. (£235m.)

Spanish poet wins Nobel Prize

By William Dullforce

STOCKHOLM, Oct. 6.

THE SWEDISH ACADEMY to-day awarded the 1977 Nobel Prize for Literature to the 79-year-old Spanish poet Vicente Aleixandre. The prize is worth Kr.700,000 (£82,350).

Snr. Aleixandre won the prize for "a creative poetic writing which with roots in the traditions of lyric verse and in modern currents, illuminates Man's condition in the cosmos and in present-day society," according to the Academy's citation.

The Academy's choice (announced two weeks earlier than usual to avoid a situation similar to last year's, when the Academy could only confirm newspaper reports of U.S. novelist Saul Bellow's victory) was a surprise. Snr. Aleixandre's name had not figured among those regarded as the leading contenders, who included novelist Nadine Gordimer and V. S. Naipaul and the Swiss Max Frisch.

Snr. Aleixandre is described as the leading representative of Spanish surrealism, which developed on quite separate lines from its French parent. He published his first volume of verse, Ambito, in 1928 and has since produced prolifically in spite of ill health, which forced him to remain in Spain

Dutch coalition talks collapse as main parties fail to agree

BY MICHAEL VAN OS AMSTERDAM, Oct. 6.

ATTEMPTS to form a new left-of-centre Dutch coalition of Social Democrats and Christian Democrats failed to-day for the third time. This time, the cause was the inability of the two main potential partners to agree on the distribution of cabinet portfolios.

After the Labour Party and the Christian Democratic Appeal (CDA—along with the small third partner, Democrats '66—had agreed in September on policy outlines for the coming four years, the talks collapsed in their final stage. The CDA has refused to accede to the Labour demand for eight posts in the cabinet, one more than the Christian Democrats.

Besides the Labour Party's wish to dominate again in the new cabinet, most of the difficulties are attributable to Labour efforts to prevent the controversial Justice Minister in the outgoing caretaker cabinet, Mr. Andries van Agt, from returning in the same capacity in a new coalition. He had been the centre of many clashes with the Socialists—notably over abortion, of which he opposes—and his party had insisted on his becoming the new Justice Minister.

The CDA pressed for an equal sharing of the cabinet portfolios —seven each, with the Democrats taking one or two, to which Labour would only agree if it were allowed to take over the Justice Ministry.

The two mediators, outgoing Labour Premier, Mr. Joop den Uyl, and Mr. Gerhard Veringa, a Christian Democrat, are expected to inform Queen Juliana to-night or to-morrow of the failure to reach agreement.

In the Dutch general election in May this year, the Labour Party, whose leader Mr. Den Uyl was to become Premier in the new Cabinet, was the major gainer, although none of the major parties commands an outright majority in Parliament. Labour gained 10 seats to reach 53 out of the 150 in Parliament, while the CDA gained only one seat, to reach 49.

Both parties assert that the number of Ministers claimed now is justified by the outcome of the election.

In the four months of interrupted talks, there were two previous failures—one about legalising abortion and, earlier, another about the Labour Party's controversial plans for introducing an excess profit-sharing system. Each time, a compromise was worked out and the formation talks resumed.

In The Hague to-night, political sources were bewildered at the developments and the inability of the two parties, the obvious partners in a new Cabinet, to agree.

Wholesale price rises quicken

By Our Own Correspondent

WASHINGTON, Oct. 6.

U.S. wholesale prices rose 0.5 per cent. last month, principally because of a sharp rise in the key industrial commodities part of the index, which registered the largest increase in nearly a year.

The Labour Department said that last month's rise—after three months of declines or only very modest increases—could signal the end of a summer of relative price stability, but it cautioned against attaching too much significance to one month's figures.

The 0.5 per cent. rise in the industrial commodities index will be of some concern to the Administration, which has been watching the index closely. Much of last month's rise was attributable to a surge in wood and lumber prices, a sign that the current boom in the housing industry may be beginning to have a measurable effect on raw material prices.

Among other commodities, steel also rose, but there have been recent indications of wholesale discounting on some steel lines which may help depress the index a little in coming months.

Successful gold auction bidders

By Our Own Correspondent

WASHINGTON, Oct. 6.

THE INTERNATIONAL Monetary Fund (IMF) to-day released the names of successful bidders in yesterday's gold auction at which almost all the gold on offer was sold at prices ranging from $154.99 to $157.05.

The Fund said that the majority of the successful bids—52 out of a total received of 103—were concentrated between $155 and $155.99. The sale raised a further $66m. for the Fund's trust fund for developing nations.

The 12 successful bidders were: J. Aron and Co. (New York), Bank Leu (Zurich), Bank of Nova Scotia (Toronto), Cie Luxembourgeoise de la Dresdner Bank A. & G.—Dresdner Bank Intl. Luxembourg, Deutsche Bank (Frankfurt), Dresdner Bank (Frankfurt), Johnson Matthey, Samuel Montagu and N. M. Rothschild (all of London) and the Swiss Bank Corporation, the Swiss Credit Bank and Union Bank of Switzerland (all of Zurich).

UAW opts not to consider rejoining the AFL-CIO

BY STEWART FLEMING

NEW YORK, Oct. 6.

THE UNITED Auto Workers Union, one of the most influential and progressive forces in the U.S. labour movement, will not take steps towards rejoining the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO), organised labour's umbrella group.

The decision will disappoint many of the more liberal trade unionists in the country who had hoped UAW membership of the AFL-CIO would help to revive labour's flagging fortunes after almost 25 years of conservative leadership under Mr. George Meany, the group's 83-year-old president.

Although only five members of the 25-man executive Board of the UAW opposed calling a union convention to vote on reaffiliation with the AFL-CIO the union leadership decided not to call the convention. It was felt that the issue is so emotional, and the parties so divided, that the conflict within the union and the danger of a defeat for the leadership were too great to risk.

The UAW quit the AFL-CIO in 1968 following bitter personal and policy disputes between Mr. Walter Reuther, the founder of the union, and Mr. Meany.

Mr. Reuther was intensely critical of the conservative—and as he saw it complacent—leadership of the U.S. labour movement under Mr. Meany. This year, amid evidence of a further weakening in the political influence and membership strength of organised labour, opponents to Mr. Meany's rule have become more vocal.

Earlier this week, in a long article in the New York Times, Mr. Victor Gotbaum, the most powerful municipal union leader in New York, called publicly for Mr. Meany's resignation as AFL-CIO president "for the good of the American labour movement."

A critical issue in the debate within the United Auto Workers over whether to join the AFL-CIO again while Mr. Meany is still president has been the potential influence the union might have in its councils.

Mr. Douglas Fraser, president of the union and those board members who support re-affiliation, say there is a potential majority in the AFL-CIO "dedicated to the UAW's vision of the labour movement as a potent force for social and political progress." They feel this majority "will only come into being with UAW assistance from within the federation."

But opponents of re-affiliation, who would consider it an insult to the memory of Mr. Reuther to rejoin while Mr. Meany is still in power, say it would be a mistake to overestimate UAW influence in the executive council of the AFL-CIO, recalling how Mr. Meany blocked the appointment of Mr. Reuther (who died in a plane crash in 1970) as a U.S. representative to the United Nations.

The debate within the UAW over whether to rejoin the AFL-CIO is of a similar debate within the U.S. trade union movement about the directions organised labour should take in the future and how to restore its tarnished public image which some union leaders say is at its lowest ebb for years—a view the opinion poll confirm.

Coal miners strike feared

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 6.

DISCUSSIONS between the United Mine Workers of America and the Bituminous Coal Operators Association over a new three-year coal mining wage contract begin to-day amid fears that the talks will lead to a strike in the industry on December 6.

The union has without doubt the worst labour relations record in the country. For the past three years the industry has been plagued with unofficial walk outs in the mines. The anarchy in the coal fields has been exacerbated by divisions in the leadership of the union which came to a head earlier this year in a fierce election campaign for the presidency.

Although the election was won by the incumbent, Mr. Arnold Miller, subsequent wildcat strikes showed that Mr. Miller's authority over the union membership remained fragile at best.

Moreover, the lack of direction at the core of the union has, observers insist, prevented thorough preparation by the union leadership for the forthcoming negotiations.

In addition, Mr. Miller gave a hostage to fortune in the election, by promising to get a clause in any agreement to permit local strikes — something the coal owners will not swallow since traditions in the industry, and recent experience, clearly indicate that local strikes engulf vast sections of the industry in no time.

M-X missile development

BY OUR OWN CORRESPONDENT

WASHINGTON, Oct. 6.

THE U.S. Defence Department has now formally approved plans which call for $245m. to be spent on full-scale development of the controversial new M-X missile, which is intended to be the eventual successor to the present generation of Minuteman missiles.

News of the decision, which had been expected, coincides with another meeting at the White House to-day between President Carter and Dr. Harold Brown, the Defence Secretary, about the current strategic arms talks. The Administration has been dropping broad hints in recent days that a new SALT agreement may now be fairly close.

It may therefore be that the leaking of the formal decision about the M-X is intended to be a gentle reminder to the Soviet Union that the U.S. will press on with new weapons systems until the two countries reach acceptable compromises.

The M-X, which could turn out to be by far the most expensive U.S. missile system ever, if production is approved, is designed to replace present fixed-site Minutemen missiles by the mid-1980s. It would be sited in a trench 10 or 12 miles long, and be built five feet underground, making it a very much more difficult target.

Israel-U.S. agreement averts collision

By David Bell

WASHINGTON, Oct. 6.

THE LONG meeting between President Carter and Mr. Moshe Dayan, the Israeli Foreign Minister, and the tentative U.S.-Israeli agreement which followed it, seems narrowly to have averted a head-on collision between the two countries.

But it is widely believed here that such a collision has only been postponed, despite U.S. assurances to Israel that no "political or economic" pressure will be applied to the Tel Aviv Government. The agreement with Israel remains a closely guarded secret and some U.S. officials are privately sceptical that it will be enough to satisfy the Arabs.

What has become clear in the past two days is that the Israeli lobby was all set to launch a furious counter-attack after the joint U.S.-Soviet statement at the weekend. This was apparently called off yesterday morning after Mr. Dayan met the President, but no one doubts that it could be mounted again rapidly.

Among other things, 150 congressmen had signed a letter to the President protesting strongly at the U.S.-Soviet statement. This letter will not now be sent, but the President has agreed to meet to-morrow a delegation of congressmen who will waste no time in expressing their views.

Meanwhile, 12 senators dropped, for the time being at least, a plan to hold a joint news conference to attack the Administration's Middle East policy. They apparently decided that, after meeting Mr. Dayan, the Administration had backed down a little. In Los Angeles, it was reported that Jewish members of the Democratic Party were boycotting a $1,000-a-plate dinner next week in protest at the policy.

At the same time, the Republican leadership in Congress has wasted no time in attacking the Middle East policy, clearly seeing an opening on an issue which they feel can work to their advantage. The Administration has noted all this pressure, but it is too early to tell if it has indeed backed down or whether, as before, it has staged only a tactical retreat.

REVERSE RACIAL DISCRIMINATION

A legal Pandora's box

BY DAVID BELL IN WASHINGTON

FOUR YEARS ago a white student with impressive credentials applied to medical school in California. Despite a good interview and obvious aptitude, the university in due course politely rejected his application.

The student, Mr. Alan Bakke, was not satisfied. His inquiries revealed that the university—like many others across the U.S.—reserved 16 of its 100 places at medical school for "disadvantaged minorities," effectively a codeword for blacks and Spanish-speaking Americans. These minority applicants were treated differently from white applicants and usually were admitted with lower qualifications than their white competitors.

Out of this discovery—and the lawsuit which Mr. Bakke filed—has grown one of the most important civil rights cases in modern American history. Next week the nine justices of the Supreme Court will begin hearing arguments on whether the U.S. constitution permits this so-called "deverse discrimination." The case has reached the U.S. Supreme Court because the California Supreme Court ruled that the university was wrong to choose less qualified blacks instead of Mr. Bakke. The university, supported by other educational institutions across the nation, appealed and has selected Mr. Archibald Cox, former Watergate Special Prosecutor, to argue its case.

Mr Bakke has steadfastly refused to grant interviews about the case save to say that he has brought it because he believes that a fundamental principle is at stake which must be resolved. Four years after the case was first brought he is working as an engineer in California, but still hopes to get into medical school.

The issue has aroused intense passions. Mr. Bakke's supporters argue that, however badly blacks may have been treated in the past, it is not right to deprive better qualified whites of jobs simply because they are white. Jewish organisations, which did more than most to back the civil rights movement, argue fiercely that all quotas are undesirable, that one kind of quota invites another, and institutionalises discrimination.

On a deeper level, there is a feeling among many Americans—including a large number who deeply sympathise with the goals of the civil rights movement—that blacks must now help themselves. They argue that no one helped the white immigrants when they arrived on the boats from Europe, many of them unable to speak English and penniless.

Curiously this attitude even finds an echo among some blacks. The Rev. Jesse Jackson, a veteran civil rights leader, is currently touring black schools urging students to stop relying on others for help and, no less important, to stop blaming "your problems on society, or white men or anyone but yourself."

But Rev. Jackson and his black colleagues remain adamant that the legacy of slavery is so serious, that blacks have been maltreated for so long that they can never hope to improve their position en masse without positive assistance from the rest of the community.

No one who has seen the slums of Washington or Philadelphia or New York — or visited the schools — can argue for long that black or Spanish-speaking Americans have anything like the same educational opportunities as whites. The gap is alarming and it is widening.

The opponents of Mr. Bakke therefore argue that reverse discrimination is essential to give black students something to strive towards. Without it, they say, young blacks will have even less reason to try to climb from the ghetto because they will be convinced that society has set its face against them.

Even with the limited amount of help that blacks have been receiving in the past 10 years, latest figures suggest that they have already begun to lose some of the ground gained earlier. Black enrollment in the largest U.S. universities—at 7.3 per cent. of the total student body—is now more than 1 percentage point lower than last year. Black admissions to business and medical schools are lower than last year and the year before. Many blacks feel that this is another sign of the fact that the civil rights tide of the 1960s has now begun to ebb.

Once again therefore the Supreme Court is having to intervene in a case which involves very much more than a narrow interpretation of the law. Like the celebrated Brown versus the Board of Education case in 1954, which opened the way for the civil rights movement of the 1950s and 1960s, this case could be a landmark.

For more is involved than admissions to university. Since Martin Luther King began the civil rights protests of the [...] it has become almost [...] practice that institutions [...] panies, legal practices, Government offices and the like [...] admit blacks as a deliberate attempt to "even out" the balance within their organisations. In this way, the argument runs, a black middle class [will] emerge, and that cannot [but] stabilise the black community.

Yet if the court rules for Bakke, these institutions may [find] themselves on shaky ground.

Equally a pro-Bakke ruling would leave open to question clauses now commonly inserted into federal contracts by Government which insist that a certain proportion of work be given to minority contractors.

Faced with a Pandora's box of this kind the Supreme Court may well decide that it is better not to face the issue head on at all. So far the court has more or less supported the bussing of school children to achieve racial balance on the grounds that blacks have in the past been discriminated against by school systems which deliberately segregated them.

It could therefore choose to extend this principle and argue that in the past medical and other schools have excluded blacks and should therefore discriminate positively in their favour. But Mr. Bakke's lawyers will argue that even if these institutions did discriminate in the past that was not the fault of Mr. Bakke and that he should not suffer because of what they may, or may not, have done.

The Justices have a possible way out of a confrontation. They may argue that the Bakke case is not sufficiently clear cut and side with the Carter administration which has filed a brief arguing that some form of positive discrimination is desirable, but that it should not take the form of rigid quotas. In other words the court may say that it is up to individual institutions to make up their own minds.

Whatever they decide will clearly be the subject of much controversy. America's cities are in as bad, probably worse, shape than in the 1960s. Teenage unemployment is now up to 50 per cent. in the inner cities. The intricacies of the Bakke case have little appeal in the black community.

But Mr. Bakke has become a symbol. If the court finds that all kinds of positive discrimination are unlawful it will further contribute to the abiding air of hopelessness in some of America's inner cities. Out of such despair, sooner or later, will come violence.

Optimistic view of Venezuela

BY JOSEPH MANN

CARACAS, Oct. 6.

FINANCIAL TIMES Latin American Banking CONFERENCE

FINANCIERS from Europe and the U.S. to-day opened the Financial Times conference on Latin American Banking with a chorus of optimistic observations on the political and economic position in Venezuela.

They also singled out, however, some knotty development problems affecting the country, which are far from being overcome.

More than 200 bankers and businessmen from Europe, the U.S., Latin America and Japan heard speeches to-day from colleagues and Venezuelan Government officials at the opening session of a two-day Conference sponsored by the Financial Times, The Banker, British Caledonian Airways and the Investors' Chronicle.

Dr. Wolfgang Jahn, member of the management Board of Commerzbank A.G., and co-chairman of the conference, told participants: "The conversion from an agricultural into an industrialised economy always brings with it the same complicating symptoms. "This happens in all nations at all times.

"The industrial revolution of the last century took several decades. But here in Venezuela, the changes happen at breathtaking speed, in a much shorter period of time and with all the positive and negative aspects such a historic event brings with it."

Venezuela, Dr. Jahn went on, is "fast on its way to establishing itself as an industrialised country." He added, however, that shortages of skilled workers and restrictions on foreign investment were impediments to smooth and rapid growth. "To advance further strong economic development, a large amount of technology has to be imported."

Additional support for Venezuela and other Latin American countries could "only be supplied by the highly developed nations, such as the U.S., Europe and Japan."

In referring to nationalistic attitudes towards foreign investment, the German banker pointed to the success of rebuilding his own country as an industrialised power after World War II, with substantial help from foreign capital, and stressed that the possibility of over-extensive foreign influence had not been seen as a real danger.

The Commerzbank executive also said that European banks had assumed particular importance for Venezuela as suppliers of Euromarket credits and capital.

Between 1976 and 1980, the Venezuelan Government alone expects to obtain $4.5bn. in foreign loans and other credits to finance part of its fifth national plan for economic and social development. Thus far in 1977, the Government has borrowed $1.75bn. from foreign institutions and will seek more before the year ends. European banks have had a major role in supplying these credits.

The Euromarket, Dr. Jahn said, had been instrumental in overcoming the problem of recycling petrodollars among oil-producing and oil-consuming nations since 1974.

But he sounded a note of warning, also made by other foreign bankers in the past, saying: "Even this market has reached a point where private banks will no longer be able to lend to some countries because of potential risk of default."

Mr. Jackson B. Gilbert, Senior Vice-President of Morgan Guaranty Trust of New York, had high praise for Venezuela "as a flagship in its support of democracy in Latin America" and for the Government's economic team. Mr. Gilbert said that an American banker, observing Venezuela, would find it was "increasingly comfortable to participate in its economic and political progress.

"He will, however, be keenly observant to see whether the Government pre-empts industrial development from the private initiative, which is usually more efficient, and is constantly watching to see that Venezuela employs its vast resources and reserves without waste, to improve the living conditions of all its people."

The U.S. banker noted that the Venezuela Government's debt service ratio (4.2 per cent.) was "quite favourable" for a developing country and its external financial position for the next five years appeared very satisfactory. High foreign reserves, a stable political system, Government expenditures geared to real development needs, labour peace and other factors presented a most favourable panorama here.

But the American banker stressed that the Government would have to address itself to the problems of financing its development plan, controlling expenses on many fronts and balancing its external financial position to meet the challenge of ensuring sustained GDP expansion, even at around 7 per cent per annum (Real GDP in Venezuela has grown at 8.5 per cent over the last four years).

Mr. Gilbart added: that even though there were many bright stars on the horizon, a U.S banker would be careful to see whether the Government:—

Permitted current expenditures to use up too great a proportion of revenues so as to deprive funds for capital outlays; allowed the profits of State-run institutions and utilities to be too low and allowed such industries to be run on an inefficient basis; carried out tax reform and increased tax revenues; took appropriate action to manage the problems of the agricultural sector; permitted cost overruns and waste to siphon off needed development funds, and allowed private initiative to seek its "natural goals."

Dr. Diego Arria, Venezuela's Minister of Information and Tourism, opened the conference this morning and underscored Venezuela's role as a "stable democratic nation" where "the rules of the game are perfectly defined."

"Our system may or may not appear complicated to foreign eyes," he said. "But there is one clear fact: it is just, it is based on law and it is open. Any person or company wishing to use the channels that Venezuela offers for sharing in its development can do so freely."

Also speaking at to-day's session were Sr. Lorenzo Azpurua, the State Planning Minister, Sr. Luis Silva Luengo, the Finance Minister, Ruth de Krivoy, an economic advisor to the Central Bank of Venezuela, T. H. Prothero, of Davy-Loewy Ltd., Mr. Edgar Leal, Director of Petroleos de Venezuela, Sr. Carlos N. Quijano of the World Bank, Sr. Enrique Iglesias of the Economic Commission for Latin America, Sr. Pedro R. Tinoco, President of Banco Latino; and Mr. Roger F. Azar, of the Banque Arabe et Internationale d'Investissement.

Also acting as co-chairman of the conference was Dr. Ralph Franklin Calatchi, manager of the International and Corporate Finance Departments of the Sociedad Financiera Union, Caracas.

WORLD TRADE NEWS

Australia tightens up on car imports

BY KENNETH RANDALL

CANBERRA, Oct. 6.

[AUST]RALIA is tightening up further its restrictions on imports and extending them past until the end of 1979. official announcement had said: "The Government considers that continued restrictions are necessary to prevent a disruption in the local industry."

Import quotas for the final quarter of this year are being maintained at the previously announced level, equivalent to annual rate of 90,000 vehicles. This will be limited to 94,000 vehicles next year and "not less than 80,000 in 1979."

The Government has also decided that from the beginning of next year quotas will be transferable—a change which is likely to create a thriving ancillary trade in the motor industry.

Quotas will be issued to importers on the basis of market performance but will not be restricted to a specific make of vehicle, so that there could be some scrambling by established importers and franchise holders to hold or expand market shares.

However, the Government is still unclear about the practical arrangements for determining and allocating quotas and warns that "there could be some delay" before the system is sorted out.

The Industries Assistance Commission had recommended that quotas should be specific to makes of cars and should not be transferable. On this basis, it recommended allocations as follows, which the Government says should be regarded as "indicative only":

For local manufacturers: Chrysler 4,412, Ford 1,000, General Motors-Holden 1,000, Nissan 13,505, and Toyota 13,597.

For assemblers: Leyland 3,178, Renault-Peugeot 278, Volvo 1,899.

For importers: Mazda 28,626, Honda 8,283, Volkswagen 5,720, Mercedes 2,721, Fiat/Lancia 2,711, Subaru 2,419, Alfa Romeo 1,409, BMW 1,175 and Citroen 709.

The Government has also rejected the IAC's recommendation that the present policy of guaranteeing 80 per cent. of the Australian car market to the local manufacturers should be dropped from the end of 1979.

"Any arrangements necessary to ensure that market disruption does not take place after that can only be determined during 1979," the statement said.

All the new measures deal only with assembled (CBU) car imports and the Government says it accepts that for the time being there is no need for further restriction of unassembled (CKD) units. But it warned that it was not in favour of "any significant expansion of investment in assembly operations."

The tighter restrictions are accompanied by the abandonment of the previous tariff quota system, where the duty on imports went up from 35 per cent. to 45 per cent. when the total volume of imports spilled over their 20 per cent. barrier (measured in terms of registrations).

Until the end of 1980, the 45 per cent. tariff will now apply to all imported cars.

India seeks rail deal in Nigeria

By Our Own Correspondent

NEW DELHI, Oct. 6.

RAIL India Technical and Economic Services (RITES), the consultancy wing of the Indian Railways, is among three parties, the other two being the national railway systems of France and Hungary—competing for a contract to convert the Nigerian rail system to standard gauge.

RITES, represented by the Railway Minister, Mr. Madhu Dandavate and Nigerian Federal Commissioner for Transport, Col. M. Magoro, has signed a memorandum of understanding to enable RITES to identify actual requirements of Nigerian railways for assistance and management for three to five years.

RITES was commissioned at a cost of $300,000 to make the techno-economic feasibility survey on the standardisation of the Nigerian railway system. It suggested that the 2,100-mile system be converted to standard gauge in phases. Nigeria is now to decide to whom the contract should be awarded.

The Nigerian Government is also considering the feasibility of obtaining assistance from Indian Railways for total management of its railway system on a contract basis. If this proposal is agreed by India, it will enable Indian experts to revamp the management of the existing railway and open several fields for Indian railway consultancy to be used in Nigeria.

Blue Circle to design £52m. Middle East cement works

FINANCIAL TIMES REPORTER

THE Blue Circle Group's consultancy services division has gained another major contract to design and supervise the construction of a £52m. cement works in the Middle East.

The contract with the Hamadan Cement Company for the building of a new 700,000-tonne-a-year dry process plant at Hamadan in south-western Iran, was recently awarded to APCEM Engineering AG, a Swiss-based associate company of the Associated Portland Cement Manufacturers, parent company of the Blue Circle group.

Blue Circle has been engaged by APCEM to carry out the engineering design and give technical assistance and advice during the construction period. Construction of the plant will take about three years with design and tendering being completed by the end of 1978 and site work beginning in early 1979.

The Hamadan works is being planned as a one kiln operation initially and is currently estimated to cost about £52m. Blue Circle's involvement follows the completion of a separate detailed geological study undertaken by the group's geology division, based at Barnstone in Nottinghamshire.

With the new contract the Blue Circle group is now supervising the construction of five cement works, with two in Nigeria at Sbagamu and Ashaka, one in Morocco at Oujda, and another in Togo at Tabligbo.

In addition, the group is providing technical assistance and services to many other cement manufacturers in countries including Mexico, the United States, Venezuela, South America, the Gulf and east and west Africa.

The group's consultancy service is supervising construction projects worth a total of more than £319m.

World motor sales up over 1976

WASHINGTON, Oct. 6.

[THE] MAJOR car producing countries sold more cars last year than in 1975, but only Japan and France had higher sales than in 1973, the U.S. Commerce Department reports.

U.S. car producers made 27.2 per cent. more cars in 1976 than a year earlier, leading the industrial countries. Other countries with big gains were West Germany 22.1 per cent., France 14.7 per cent. and Japan 10 per cent.

However, in comparison with 1973, the U.S. produced 11.6 per cent. fewer cars and Germany 2.8 per cent. fewer. Japan produced 15 per cent. more and France 8 per cent. more in 1976 than in 1973.

Among exporters, Japan sold 39 per cent. more cars to other countries in 1976 than in 1975, and increased its exports 75 per cent. over 1973.

Germany's exports were up 25 per cent. from 1975 but were down 15.1 per cent. from 1973. The U.S. exported 8.3 per cent. more cars last year, and 33.7 per cent. more than in 1973.

AP-DJ

Canada eases textile curbs

OTTAWA, Oct. 6.

WHILE THE Canadian Government has announced arrangements to provide flexibility in administering controls on imports of clothing, the textile industries of Korea and Macao are protesting over EEC curbs.

A Clothing Quota Review Committee within the Canadian Department of Industry Trade and Commerce has been instructed by the Government to consider a limited degree of flexibility for switching among clothing items on the grounds of national fashion trends, or to alleviate specific individual cases of "extreme difficulty" caused by seasonal demand for some garments. In addition it may consider applications for limited quantities of high fashion and specialty end — use items such as ethnic costumes.

Some sources expect the Government to decide within a few weeks on whether or not to extend the controls which remain in force until June 30, 1978, beyond that date.

Meanwhile, Mr. Bong-Soo Hahn, secretary general of the Korean Federation of Textiles Industries (KOFTI) has told a delegation from the Hong Kong Chamber of Commerce that its textile industry should join talks between South Korea and Taiwan to consider a joint appeal to the EEC and other countries.

The Taiwan and South Korean textile industries have discussed common problems through the Korea-China Textile Committee since 1968. Mr. Hahn said he was increasingly worried about the outcome of forthcoming negotiations between South Korea and the EEC on textile imports.

At the same time Dr. Lopes de Campos, Director of Macao's Economics Department, said that the country's garment industry faces collapse if the EEC does not relax import restrictions. Next Saturday he leads a delegation to Brusels for talks on the issue.

Dr. Campos said EEC countries, chiefly France and West Germany, absorbed 64 per cent. of Macao's total exports, four-fifths of which are textiles. Recent French cuts on Macao's quota of 731,400 shirts from total imports of more than 2.63m. showed "a hardline attitude," he claimed. The cuts "resulted in severe hardship for workers and exporters alike who traditionally export to that country," he said.

Agencies.

A Hong Kong textiles negotiating team, led by Director of Trade Mr. Lawrence Mills, left yesterday for Brussels for talks with the European Common Market, a Government spokesman said, Reuter reports from Hong Kong.

Microelectronics deal

Advanced Micro Devices has signed a memorandum of intent with Siemens to co-operate in the area of microelectronics. The U.S. company said they will set up a joint venture for microcomputer systems, enter into a technological exchange programme and stipulate marketing arrangements. It will own 40 per cent. of the venture while Siemens will own 60 per cent.

Yen rise will not affect exports, Daiwa claims

TOKYO, Oct. 6.

A SURVEY by Daiwa Securities shows appreciation of the yen to 260.00 per dollar will not reduce the total value of Japanese exports, a Daiwa spokesman says.

A total of 70 per cent. of the surveyed Japanese companies, engaged in the production of 100 main export items, reported they could maintain or increase their exports if the yen rose to the 260.00 level, while another 6 per cent. said they may be able to do so.

The companies included automobile, electric home appliances, precision machinery, industrial plant and shipbuilding companies.

However, manufacturers of textiles, chemicals and certain types of steel reported they would have to reduce exports if the yen appreciated to 260.00 to the dollar, the spokesman said.

Daiwa concluded that a higher yen would cause some domestic problems such as increased unemployment and structural reform of some industries, but the total value of Japanese exports would not be affected materially, he added.

Reuter

Fukuda urges action to aid small concerns

TOKYO, Oct. 6

JAPANESE Prime Minister Mr. Takeo Fukuda told the Lower House of the National Diet that he will do everything possible to prevent damage to small and medium-sized export industries from the recent sharp rise of the Yen against the Dollar.

Japan's foreign exchange policy will not change, the Prime Minister said, but he added that he wants to "intervene as much as possible" to protect the small exporters.

AP-DJ

German industrial mission to U.K.

Promotion of Anglo-German industrial collaboration in all fields is the aim of the visit to the U.K. from October 12-14, of a group of senior industrialists and bankers from the Federal Republic of Germany, invited by Mr. Eric Varley, Secretary of State for Industry. They will meet the Prime Minister, the Chancellor of the Exchequer and the Secretaries of State for Foreign and Commonwealth Affairs, Energy and Industry. Discussions will also take place with the Governor of the Bank of England, the chairman of the British Overseas Trade Board, the general secretary of the Trades Union Congress and representatives of the Confederation of British Industry, leading British industrial companies, the Trades Union Congress and Government departments.

The mission will be encouraged to consider the United Kingdom as a place for investment, as a source of supply, and as an industrial partner in third countries.

Solar heating

A factory for the production of solar water heating equipment, which will base itself on Israeli know-how, is to be set up in Brazil. The plant is being established by "Miromi," which pioneered solar water heaters in Israel as far back as the 1950's, and a group of Brazilian investors. The factory will be built so that additional production lines can be added as needed.

Seychel'es airline

The Seychelles Government announced it had set up a wholly owned national airline to be called Seychelles Airlines. It has already negotiated agreements to co-operate with British Airways and Somali Airlines, it said.

Tough time for international leasing

BY JOHN WICKS IN ZURICH

LEASING operations are showing signs of expanding again on a number of national markets, among them that of the United Kingdom, at the same time, though, the volume of international leasing—that is, transactions in which lessor and lessee are in different countries—remains small and operators seem to be having difficulty in keeping up to former levels.

International leasing has, despite all that has been talked about it in the past, never really got off the ground. The only sector in which it has come to have some importance is that of the leasing of internationally registered capital goods, such as road or rail vehicles, ships or containers, in dollar contracts with multinational firms.

In a recent speech, Mr. Charles J. Gmuer—president of the International Credit Union and chairman of the Zurich-based company CS Leasing—explained why the inter-country business has remained relatively insignificant in comparison with national leasing.

One is that of the considerable differences in rules governing leasing from country to country. Almost every country has its own solution here, said Mr. Gmuer, and lessors must naturally know the regulations in detail.

At the same time, inter-country leasing agreements in the currency of the lessor expose the foreign lessee to an increase in payments in the case of a rise in the exchange rate. Similarly, the reverse risk occurs for leasing companies billing in foreign currencies where lessors are unable to obtain long-term refinancing in the contract currency. Moreover, lessors would hardly be able to make more advantageous offers than national competitors.

In recession periods, the question of bad debts also crops up—although the equipment involved remains the property of the lessor, it cannot necessarily be used elsewhere.

Thus, while some leasing concerns—primarily American, but major European companies as well—have entered into international contracts, this kind of activity lost ground once recession set in. Some leading lessors have tried to expand abroad by forming foreign subsidiaries but domestic competitors on these markets have proved more successful thanks to their better sources of information and refinancing ability. Mr. Gmuer's own company, itself a subsidiary of Credit Suisse, went into international business primarily for the experience, he said.

Mr. Gmuer sees the best chances in the national leasing field in countries with a backlog investment demand such as Spain, Portugal or Mexico.

In view of the current difficulties facing inter-country leasing operations, there is now a growing number of leasing contracts directed by the member companies of the International Credit Union to the most suitable lessor in the home country of foreign inquirers.

At the same time, the union is working on the international exchange of know-how in the leasing field, particularly with regard to experience in the legal sector. The European community is also attempting to collect and collate information on leasing practices in various countries. These efforts contribute towards harmonising leasing operations, but it would take a very long time to reach any real form of international standardisation.

OVERSEAS NEWS

Dutch bank's role in cutting S. Africa credits confirmed

BY MICHAEL BLANDEN

AMSTERDAM-Rotterdam Bank, one of the leading European banking groups which are ehareholders in the New York based European American Banking Corporation, yesterday confirmed that it bad played a part in the decision of the U.S. joint operation not to grant further credits to South Africa except for the financing of current trade.

This wes confirmed yesterday by Dr. C. F. Karsten, the menaging director of Amro. He expleined that the bank itself, one of the leading Dutch commercial banks, bsd decided after 1973 that for various reasons, including the possible political risks, it should not participate further in loans direct to South Africe where these involved no Dutch commercial interest.

H's statement followed the disclosure by anti-anartbeld groupe in London that Mr. H. E. Ekblom, chairman of European American, bad written to the Wnrld Council of Churches in January conveying the group's decision on loans to South Africa.

This fnllowed strong pressure on the Midland Bank al the last two annual general meetings by a group called End Loans to Southern Africa, hringing together a number nf anti-anartheid and church organisations and local eutborities in the U.K.

Rnth Midland end Amro are members of the EBIC group of European banks which form a general international co-onerative organisation end are shareholders in the EAB organisation in New York. Olher major shareholders in EAB include Deutsche Bank in Germany, Société Générale in France end Société Générale de Banque in Belgium.

Dr. Karsten said in London yesterdey, at e meeting to mark tbe formal inauguration of the Amro branch in the City, that the benk hed itself heen subject to considerable church and political pressure in Holland over its own policy towards lending to South Africa, including a threatened boycott.

It bad becoma clear, bowever, that the bank was no longer involving itself in direct loans of this kind and tha pressure bad diminisbed. EAB bad, he said, played an important role severs1 years ago in direct loans to the South African Government and its agencies.

Amro, be said, could not as one of severai shareholders influence tbe EAB decision directly, but it had made its point clear.

Quentin Peel adds from Johannesburg: EAB is heavily involved in South Africa end acted es lead manager for many nf the country's biggest foreign loans floated between 1972 and 1974.

The consortinm'e decision bed not apparently been widely circulated to local representatives. Moreover, one leading member, Deutsche Bank, was reported to have been given e mandate just one month ago to arrange a private plecement of DM50m. (£12.5m.) for the South Africao Reilways and Harbours.

Bsnking sources nere believe that any decision in principle to discontinue loans would he a severe blow to local borrowers in the long term. Total exposure of the seven member benks of tbe consortium In South Africa, Including trade finsnce and loans to bolb public and private institutions, is estimated at R1bn. (£666m.).

ON OTHER PAGES

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Fukuda responsible for hijack decision

By Charles Smith, Far East Editor

TOKYO, Oct. 6.

MR. TAKEO FUKUDA, the Jepanese Prime Minister, was personally responsible for deciding that Japan should forgo the right to demand extradition of the 11 terrorists who landed in Algeria in a hijacked Japanese aircraft on Monday, Foreign Ministry officials revealed to-day.

They said the final decision to accept Algeria's terms for receiving the aircraft was taken quickly after the Government became aware on Monday night that Algeria was the hijackers' final destination. There was no time fnr full consultation with all Cabinet Ministers concerned in the affair bnt tbe Prime Minister was consnlted and gave "clear instructions."

He nrdered full acceptance of tbe conditions Algeria was expected to impose before accepting the hijackers: that Japan should fnrgo tbe right to demand extradition: not seek tn recover the $6m. ransom paid hy the Japanese Government; and not hold Algeria responsible for any possible damage tn the aircraft after its arrival.

The Fnreign Ministry maintains there is no contradiction between Japan's initial undertaking not tn demand extradition and its subseqnent attempt to recover the hijackers hy conveying to tbe Algerian Government its "bopes" for their return. What is being admitted, however, is that decisions were taken with extreme haste on Monday nigbl—without more than "a telephone call or two" tn other Ministries which might have heen Interested.

Algeria has rejected the Japanese appraach bnt Japan appears prepared for drawn nnt negotiations if there seems any chance the Algerians may change their minds.

Palestinians in new talks to stabilise southern Lebanon

BY IHSAN HIJAZI

BEIRUT, Oct. 6.

LEBANESE and Palestinian officials have begun a new ronnd of meetinge bere to stabilise the ceasefire between the Palestiniens and Israeli-hacked Christian forces in the southern border area with Israel.

A joint committee met here to-day and its members were planning to visit the south to study the situation on the ground. Lt.-Col. Sami Al Khatib, Lebenese commander of the Arab League peece-keeping force, attended the meeting.

Last night, Prime Minister Selim Al Hoss conferred with Abu Iyed, bead of the Palestine Liberation Organisation secnrity section, in wake of a three-hour artillery exchange between Israel and Palestinien commandos in the south. Each side hlamed the other for starting the firing, which violsted an 11-day ceesefire in the srea.

The 60-mile-long border strip was reported calm hut tense today. The shelling yesterday is further evidence of how brittle the truce remains.

The Palestinian-Lebanese talks are also eimed at speeding up implemeotation nf the second atage of the peace plan for South Lebanon. This requires a Palestinian pull-back oine miles from the Israeli border and the stalioning there of newly-regrouped uoits of the Lebanese Army.

Lebanese officisls have refused to disclose when the troops will be sent to the border area, bul Press reporte to-day predicted that this wonld tske place within tbe next 48 hours. A force of about 1,500 men was reported to be waiting for orders to move.

Meanwhile, a recruiting drive by Lebanese Army Command is now in full swing as part nf President Sarkis' efforts to build up e new army. The old srmed forces broke up during the 18-month civil war.

Egypt retains Soviet arms

BY MICHAEL TINGAY

CAIRO, Oct. 6.

EGYPT celebrated to-day the fourth anniversary of the October war against Israel with a military parade which did little to suggest success in reducing dependence on Soviet weepons.

Apart from the British Swingfire anti-tank missile and the U.S. Lockheed C130 transport aircraft, the bulk of the material shown was of the eame kind as that used to fight the Israelis in 1973. Neither the British nor the U.S. contribution was new, the Swingfires and C130s having heen paraded last year.

President Anwar Sadat, who took the ealute wearing the new dress uniform with high lesther hoots which he designed himself, bas repeatedly complained of the Soviet refusal to supply spare parts. Fnreign military obeervere noted that a great deal less Soviet armour was displayed this year, and that the T54 Soviet tank was absent.

Analysts were unehle immediately to identify a pod-mounled anti-tank missile shown for the first time on ten T62 tanks.

For the first time, the Swingfire missile was mounted on a Mercedes Unimog truck, an interesting development because the Egyptian army, which has ordered a large number of Swingfires, is buying the missile without its special vehicle.

British and French helicopters were on display with Aerospatiele-Westlsnd Gazelles leading the fly-psst followed by the Westland Sea King and Commando besvy helicopters. The Westland Lynx bas not yet heen received by the Egyptian air force.

THE BATTLE FOR THE OGADEN

Time is running out fast for Ethiopia

BY JAMES BUXTON

THE WAR between Ethiopia and Somalia appears to have reached e pivotal stage. The Somalis may well be within striking distance of a decisive victory, but the Ethiopian armed forces are probably still capable of launching e successful counter-attack.

Three weeks ago, on September 14, Somali forces established their hold on the Ethiopian tank base of Jijiga after about e month of intermittent fighting. The Somali triumph was enhanced by the fact that the Ethiopians came close to mutiny and withdrew through the mountainous Marda Pass behind the town without much fighting. They thus yielded up what is probably the best defensive position on the road to Harar and Dire Dawa, the two other towns in the area which they still hold, and gave the Somalis a foothold in the mountains.

The fighting now appears to be concentrating in the mountains around Harar, the historic walled city which is the headquarters of the Ethiopian Army's Third Division, and Mogadishu radio has reported clashes at Bisidomo, only a few miles east of the town. There are several points along the mountain road where the Ethiopians can stand and fight and the signs are that they are trying to regroup for a counter-attack.

Among the factors favouring the Somali forces (consisting of both regular troops—though Somalia still denies this—and guerillas) are the momentum of the almost unbroken string of victories since the war began in earnest on July 23, and the correspondingly shaky morale of the Ethiopian troops.

The Third Division came near to mutiny because of a dispute with the military Government or Darg over such things as who should have day-to-day control of the front, and the role and privileges of the newly formed militia.

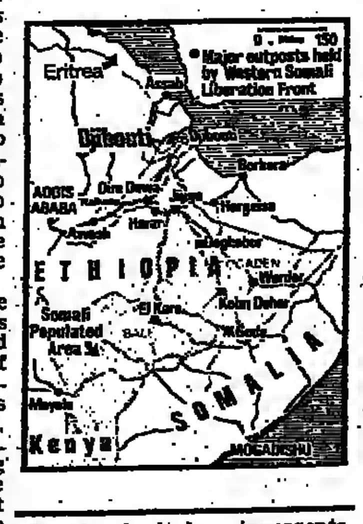
The quarrel, which immobilised the division for more than a week, is now said to have been patched up, but there is underlying tension between the army and its political masters: the army blames the Darg for the strategic and political blunders which it thinks led to its defeats and each side is intensely suspicious of the political aims of the other.

But the Ethiopian position is not hopeless. Its armed forces are now beginning to benefit fully from the Government's decision to switch from the U.S. to the Soviet Union as a source of arms: Russian tanks and armoured personnel carriers are arriving in large numbers, and Ethiopia is acquiring artillery to match Somalia's. The first pilots and technicians trained to operate the newly acquired MIG 21 and 23 aircraft have arrived back from six month training courses in the Soviet Union and the indications are that the Russians are keeping up supplies to Ethiopia, while its supplies to Somalia do not apparently include replacement tanks and aircraft.

Ethiopia also has considerable superiority in manpower over Somalia, a fact which it has been able to exploit to at least some military effect in the formation of the militia, now numbering more than 100,000 men.

Though Somalia began the war with about twice as many tanks as Ethiopia, it lost many of them in an assault on Dire Dawa in August and in the successive attacks on Jijiga, and is unlikely to have been able to make good these losses from the Arab states—notably Iraq—which are assisting it militarily. Somalia needs a quick, devastating success more than ever.

A victory at Harar—on which Somali forces are said to be converging from several directions—could clear the way to Dire Dawa, which lies at the foot of the mountains and would probably be indefensible. To consolidate these gains and improve its bargaining position Somalia might next make a fast drive to Awash, a road and rail junction where the main Ethiopian road to Assab, on the Red Sea, meets the Dire Dawa road.



Somali-backed insurgents yesterday reported heavy fighting near the strategic Ethiopian city of Harar, UPI reports from Nairobi. A communique issued by Somalia's official Sonna news agency quoted the insurgents as saying that 216 Ethiopian troops were killed on Tuesday at the town of Fiambiro, 20 miles east of Harar.

If the Somalis could establish a stranglehold on Ethiopian supplies before their own lines became overstretched then whatever Government existed in Addis Ababa at that time (for it is hard to see Col. Mengistu's regime surviving the fall of Harar) would almost certainly have to come to the conference table.

Any transfer of territory would be immensely painful to Ethiopia —not just for reasons of pride but because of the precedent for secession it could set for other parts of the crumbling empire. But in purely economic terms the loss of the almost totally Somali-populated Ogaden would not be disastrous (unless it were to cut out to contain oil or gas in commercial quantities).

The town of Jijiga (about 50 per cent. Somali) would naturally with this area, as would parts of Bale province, which contains many Somalis (see map).

But there would be a question mark over Harar. It would be strategically necessary to include the Ogaden defensible, but the town is less than 10 per cent Somali. North of the mountains Dire Dawa is about 35 per cent. Somali and there are Somali enclaves to the west of it, and the loss of this area in the Rift Valley would imperil Ethiopia's links with the sea, already threatened as they pass through Eritrea.

If on the other hand the Ethiopians were able to snatch victory at Harar and drive the Somalis back to Jijiga, Somalia's armour would probably be smashed and the war at its present level of intensity would be over.

But while the Ethiopians might be able to hold the grassy plain around Jijiga at the northern part of the Ogaden, it would be far more difficult to regain control either of the mountains behind Jijiga—heavily infiltrated by guerillas—or the southern part of the Ogaden, which is largely bush and scrub—good guerilla country, inhabited by Somalis determined never to be ruled by Ethiopia again.

Ethiopia would have to choose between a costly counter-insurgency action which might take years and achieve nothing, or some de facto, if not de jure, loss of sovereignty.

Whatever decision Ethiopia made at that stage would depend on a large number of imponderables, including the complexion of the Government then in power and the outcome of the war in Eritrea, where the Government's military position now appears virtually irretrievable, with all but seven garrison towns in secessionist hands.

An Ethiopia shorn of Eritrea (with the Red Sea province either independent or autonomous in loose federation with Ethiopia) might be prepared to take a pragmatic view of the value of a campaign to regain the Ogaden, and try to reach an accommodation with Somalia. But the events of this year have done nothing to cool the mutual hatred of the Ethiopians and the Somalis.

Fox to be Fraser N-policy envoy

By Kenneth Randall

CANBERRA, Oct. 6.

MR. JUSTICE RUSSELL FOX, wbo besded the two-year environmental inquiry into uranium developmeot in Australia, has heen appointed ambassador-at-large tn handle Australie's role in international efforts to strengtben nucleer non-proliferation and safeguards arrangements.

The surprise appointment was announced to-night by the Prime Minister, Mr. Malcolm Fraser, after a period of four monthe during which Mr. Justice Fox has been ecting as his personal adviser nn the iseues.

In bis new role, Mr. Justice Fox will lead the Australian delegation to the opening meeting in Washington on October 19-20 of the International fuel cycle evaluation, ensuring, according to Mr. Fraser "that Australis will contribute . . . to lhe maximum exlent that its interustional nosition and technical expertise in nuclear matters will permit."

He said Mr. Justice Fox would also give policy advice tn the Government nn bileteral safeguards egreements and the non-proliferation aspects of commerciel contracts for tbe sale of uranium. Australie hes already announced that hileteral agreemants will be a prerequisite of any uranium sales end that they will beve to include stringent guarsntees on the use, transfer and enrichment level of any Australian nuclear malerisl.

Mr. Justice Fox relurned to Australie last week from en extensive tour during which he consulted more than 200 people representing officiel agencies and individual inlerests in the Europesn Community, Sweden, Austris, Brazil, the U.S., Canada and Jepan.

Investment hopes key to Bonn leaders' visit

BY ADRIAN DICKS

BONN, Oct. 6.

THE PRIME MINISTER, Mr. James Callaghan, and other leading members of the Cabinet will have the chance next week to convince influential opinion abroad of the increasing strength of the British economy, when they play host in London to a distinguished group of West German industrialists and bankers.

The visitors, who make up the largest delegation of top West German business leaders ever invited by the British Government, will be briefed by Mr. Callaghan, Mr. Denis Healey, Mr. Eric Varley and Mr. Tony Benn on the outlook for the British economy and on official policies towards industry.

While no decisions are expected to be taken, their hosts hope they will be encouraged to take a new interest in the U.K. as a country to invest in, buy from and co-operate with in third countries.

The delegation is headed by Dr. Hans-Guenther Sohl, vice-president of the Federation of West German Industry, and includes Dr. Herbert Gruenwald, chairman of Bayer, Herr Rudolf von Bennigsen-Foerder, chairman of VEBA, Dr. Egon Overbeck, chairman of Mannesmann, Dr. Peter von Siemens, chairman of the supervisory Board of Siemens, Dr. Gerd Wollburg, deputy chairman of MAN and Herr Paul Unerer, a director of Degussa.

The big three West German banks will be represented by their "spokesmen" (effectively chairmen), Herr Robert Dhom of Commerzbank, Dr Wilfried Guth, of Deutsche Bank, and Herr Helmut Haeusgen, acting chief executive of Dresdner Bank.

Three to four other senior businessmen are also expected.

In addition to Ministers, the West German visitors will meet the Governor of the Bank of England, the chairman of the British Overseas Trade Board, the general secretary of the TUC, and leaders of the CBI, as well as business and trade union leaders.

Security risk

The group arrives next Wednesday and leaves on Friday, October 14, but further details of its schedule are not being given out. This results in part from the extreme security precautions which many leading West German businessmen have felt obliged to follow since the kidnapping of Dr. Hanns Martin Schleyer over a month ago.

Dr. Schleyer himself was originally to have led the delegation to London, and his place is being taken by Dr. Sohl.

Britain's improving economic situation, to which the Prime Minister dramatically referred at the Labour Party conference this week, has become increasingly well understood in West Germany, partly because visible changes for the better in the payments situation have led to a firmer sterling-deutschemark relationship.

Nonetheless, with the pound still worth almost one-third less in D-mark terms than it was two years ago, Germans are well aware that investment in Britain as well as retail shopping, remains a bargain.

The picture looked much darker when invitations for next week's visit were first proposed nearly a year ago. Even now, much of the West German business community probably entertains some doubts about British industrial relations and about the outlook for wages.

Most of the banks and industrial companies which will be represented next week already have branches or subsidiaries in the U.K., though some of these are sales companies rather than manufacturing plants. In several cases the relationship goes back many years.

However, cumulative West German investment in the U.K., at just under DM2bn. (£500m.) at the end of last year, was still less than half the DM4.4bn. value of British investment in West Germany. During 1976 alone there was a surplus of just over DM100m. of West German new investment in the U.K. over British new investment in the Federal Republic.

While detailed figures for the current year are not yet available, the steady upward drift of the D-mark has helped to ensure that West German companies have continued to seek investment opportunities abroad, and the country's overall position as a net exporter of long-term capital was enhanced.

In the first seven months, according to the Bundesbank, the net outflow was DM2.2bn. compared with DM1.7bn. for the same period a year earlier.

Rise in standard of living 'went to pensioners'

BY MICHAEL BLANDEN

THE SMALL rise in living standards in recent years has gone to those on State pensions, to working women and to the lower paid, according to the latest Treasury Economic Progress Report.

The report said there was a prospect that real living standards would be at least maintained, following the setback after 1974.

The tax cuts in this year's Budget checked the *fall* in real take-home pay. But for the country as a whole, "the restoration of living standards to the 1974 level and any further improvements will have to be based on improvement in productivity."

The article emphasised that "increases in money earnings do not ensure real improvement."

Changes in national living standards were determined primarily by changes in the level of real national disposable income (RNDI), which in turn reflected productivity and the terms of trade. Since the oil price rise at the end of 1973 there had been no sustained improvement in productivity and RNDI had fallen, mainly reflecting the terms of trade.

By the end of 1974 the real incomes of most non-pensioner households had risen more than 10 per cent. above 1970 levels. But the rise was not sustainable as it was associated with large additions to the U.K.'s external debts at a rate which could not continue.

By the second quarter of this year the real disposable income of these households had returned close to 1970 levels. Within the overall figures, however, the living standards of the higher paid fell well below 1970 levels.

Singapore post for Dr. Chapman

BRITISH SHIPBUILDERS' former technical and production director, Dr. Kenneth Chapman, is to work in Singapore for a subsidiary of Ocean Transport and Trading.

Dr. Chapman parted with British Shipbuilders on amicable terms according to former colleagues.

He was involved in early negotiations with Poland on the £115m. deal for 24 cargo ships which was announced this week.

In Singapore he will work for the Oil Asia (Pte) associate company of Ocean Transport and Trading and will be engaged on offshore oil and gas exploration.

Personal loan rates cut

By Michael Blanden

THE DROP in the general level of interest rates has been reflected in the cost of fixed rate credit by Williams and Glyn's Bank and Mercantile Credit.

William's and Glyn's, the fifth largest of the London clearing banks, said it was reducing the rate on new personal loans from Monday. The rate will be cut from 9 per cent. flat a year on the initial balance to 8½ per cent. This implies that the true on a two-year loan will come down 1 per cent. to 16.7 per cent.

The further reduction in the rate charged for personal loans reflects the sharp general fall in the level of short-term interest rates, which is expected to go a stage further to-day with another drop in the Bank of England's minimum lending rate.

Mercantile Credit, the finance house subsidiary of Barclays Bank, announced a 2 per cent. cut in the cost of its standard personal loans with effect from yesterday.

The group's two-year personal loan rate for amounts of £200 and more will be 21.5 per cent. a year compared with 23.5 per cent. previously. The rate over three years has dropped from 23 per cent. to 21 per cent.

Esso in dilemma about drilling west of Shetland

BY KEVIN DONE

ESSO HAS been left with difficult drilling decisions in its concessions in the West of the Shetland Islands, following a discovery of oil, but in non commercial quantities.

It has now abandoned the well drilled in block 206/12 as a result of the recovery and testing of hydrocarbons. The discovery has left the company in a dilemma about further drilling because it must give up 50 per cent. of the block by next April when the licence expires.

However, the find is bound to revive speculation about the potential of the area to the west of Shetland following British Petroleum's find earlier in the year in block 206/8 directly to the north of the Esso discovery.

As with the BP find, Esso's well produced oil that is considerably heavier than that normally discovered in the main North Sea basin to the east of the Shetland Islands.

The well was the second drilled by Esso in the area and was undertaken to complete its licence obligations. It was the first company to drill west of the Shetlands, beginning in 1972.

The well 206/12-2 produced a maximum flow rate in five tests of 630 barrels a day through a 24/64th inch choke. The average flowing well-head pressure was 270 pounds and the oil had a gravity of 24 degrees API.

The BP discovery in the area, well 206/8-1, produced a daily flow rate of 2,920 barrels through a 1 inch choke, but the company refused to comment at the time on its commercial significance until further drilling had been carried out. So far it has given no indication that further drilling will be done this year.

A total of 17 holes have now been drilled west of Shetland and, despite industry rumours, only two oil finds and one gas find have been confirmed.

BP said yesterday that it had abandoned well 21/6-1 near the Buchan field. The well was sunk as part of its obligations since farming into the Buchan licence for the two blocks 21/1 and 21/6.

The drilling rig Atlantic Two is moving to drill another prospect 21/6-2 about seven miles to the south-west of the abandoned dry well but on a different structure.

Participants in the Buchan licence include Natomas International, St. Joe Petroleum U.K., Candel Oil, Gas and Oil Acreage and Charterhall Oil.

More Home News, Pages 10, 12 and 29

Police inquiry into Cornhill Consolidated

CORNHILL CONSOLIDATED, the private investment banking group which went into liquidation in 1974 at the beginning of the secondary banking crisis, is now the subject of inquiries by City of London police.

The company's affairs have been under investigation by two inspectors appointed by the Department of Trade, Mr. David Calcutt, QC, and Mr. John Whinney of the accountants Whinney Murray, since shortly after the announcement that it was to be put into liquidation.

The inspectors' 300-page report was sent to the department in mid-July, and it is this which has now been passed on via the Director of Public Prosecutions to the City of London police for further inquiries to be made.

Although the process of putting Cornhill Consolidated into liquidation is not yet completed, the liquidator, Mr. Michael Jordan of the accountants Cork Gully, said last night that the deficiency for shareholders of the company was likely to exceed the £9m. indicated in the Statement of Affairs prepared at January 8, 1974.

Delays in completing the liquidation were due, he said, to the complexities of Cornhill Consolidated's group structure.

While there have been discussions between the office of the Director of Public Prosecutions and the City of London police, neither was prepared to say yesterday which way the police inquiries would lead or how long they were likely to take.

However, it is believed that the Department of Trade report does indicate financial improprieties of various kinds in the conduct of Cornhill Consolidated's affairs, though some of these are only trivial.

The department said yesterday that there were as yet no plans to publish the report, although it is customary for the Secretary of State for Trade to decide on publication.

Cornhill Insurance issued a statement last night pointing out that there was no connection between itself and Cornhill Consolidated. The company printed out that it is "a wholly-owned subsidiary of the Thomas Tilling Group and is internationally known for its security and integrity."

Plea for public capital to start small companies

BY DAVID FREUD, INDUSTRIAL STAFF

A SUBSTANTIAL injection of public funds as risk capital to help new small companies start up, is called for by the Council for Small Industries in Rural Areas (CoSIRA) in its evidence to the Wilson Committee on Financial Institutions.

The council's evidence runs directly counter to that of the Confederation of British Industry Smaller Firms Council which earlier this week called for lower personal taxation rather than increased public spending as the way of providing start-up finance.

It is argued by CSIRA that many small starters become extremely large and make a substantial contribution to the national economy.

The council states that there is a severe shortage of risk capital available for those with a sound project but no tangible security. First-class projects which involve a lot of research and development costs often fail to develop for this reason.

CoSIRA states that it is ready to take on the provision of such finance in the countryside, which would be a logical expansion of its existing loan work in the rural areas.

Because of the risk element involved, the council could take a share of future profits.

Legal move to defeat Packer charges

THE CRICKET authorities fighting the High Court action brought by Mr. Kerry Packer and his players made a surprise amendment to their defence yesterday. They claimed they could not be sued for restraint of trade or inducement to break contracts—both of which have been alleged against them by the Packer side.

The Test and County Cricket Board and the International Cricket Conference were given leave by Mr. Justice Slade to include a claim that they are "employers' association" under the 1974 Trade Union and Labour Relations Act.

Under the Act employers' associations cannot be sued for restraint of trade or inducement to break contracts.

Mr. Robert Alexander, QC, for Mr. Packer and his players, said the amendment meant the authorities were claiming an immunity from the civil law and "an arbitrary right to destroy the professional life of cricketers."

The defence move came on the ninth day of the hearing of the action brought by Mr. Packer's company, World Series Cricket, and cricketers Tony Greig, John Snow and Mike Procter. They are seeking court orders to stop the TCCB and the ICC implement proposals to ban Packer players from county and test cricket.

Mr. Lynton Taylor, vice-president of programmes for Mr. Packer's television stations, told the court how World Series Cricket hoped to derive an income from the Packer world cricket series.

It was planned to franchise the use of pictures of the players to commercial companies and the right to manufacture and sell clothing bearing the world series insignia. Additional revenue would come from perimeter advertising at the grounds where the matches were played.

Asif Iqbal, the Kent captain, giving evidence on the Packer side, said before signing for World Series Cricket he asked if it would interfere with his availability during the English summer. "I was told that in no way would it do that and I was very happy. It was enough for me that I would be able to play county cricket."

He believed Kent still wanted him to play for them next year.

The evidence on behalf of the Packer side was concluded, subject to the possibility of calling one further witness.

Mr. Alexander, making further submissions on the amendment to the defence, said the TCCB and the ICC were claiming that even if they had been acting "in restraint of trade" by seeking to ban Packer players they were entitled to do this because of the Trade Union and Labour Relations Act.

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APPOINTMENT OF

CHAPTER CLERK

Owing to a redistribution of responsibilities the Dean and Canons of Windsor have a vacancy for a Chapter Clerk. The successful applicant will be expected:

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to prepare the agenda for meetings and write minutes:

to direct the general administration of the affairs of the College.

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CONTRACTS AND TENDERS

THE PUBLIC CORPORATION FOR FISH WEALTH, TAWAHI, ADEN, PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

INVITATION TO TENDER ON PURSE SEINER CONSTRUCTION

1. The Public Corporation for Fish Wealth in Aden is inviting experienced shipyards to tender for construction of six steel purse seiners.
2. The Public Corporation for Fish Wealth has received loans from the Arab Fund for Economic and Social Development and the Kuwait Fund for Arab Economic Development in various currencies equivalent to KD. 8,500,000 towards the cost of Al-Mukalla multi-purpose project and it is intended that part of the proceeds of these loans be applied to payments under the contracts for which this invitation to tender is issued.
3. The seiners will have a holding capacity of about 200 cubic metres, bidding documents such as tendering instructions, conditions, the general arrangement plans and specifications will be available on application from Stevenson and Kellogg Ltd., 1313 Duke Street Tower, Scotia Square, Halifax, N.S. Canada, on 31st October, 1977.
4. Non-returnable deposit by International money order for fifty U.S. dollars to cover printing and mailing must accompany requests for the bid documents.
5. Sealed tenders will be opened at the Public Corporation for Fish Wealth, Tawahi, Aden, People's Democratic Republic of Yemen, at 12 noon on January 15, 1978.

FINANCIAL COLLECTION AGENCIES

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Financial Collection Agencies (UK) Ltd.,
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LEGAL NOTICES

No. 003070 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LANGREALM ENGINEERING LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of October 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of October 1977.

No. 003076 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DEMA FASHIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 28th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of October 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of October 1977.

No. 003055 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of OKECROFT BUILDERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 28th day of September 1977, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of October 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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THE COMPANIES ACTS 1948 to 1967

BRAMEAST REALISATIONS LIMITED

Notice is hereby given, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 32, St. Mary at Hill, London EC3R 8DH, on Monday the 7th day of November, 1977, at 12.15 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 7th day of October, 1977.
By Order of the Board.
B. R. KNIGHTS, Secretary.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL

The Buckinghamshire County Council issued on 6th October, 1977, £6m. Bills due 5th January, 1978. Applications totalled £43m. and the entire issue was made at 5⅞ths%. There are no other Bills outstanding.

HOME NEWS

BIG INCREASE PLANNED IN TAX STAFF

Employers blamed for blunders over PAYE

BY RUPERT CORNWELL, LOBBY STAFF

LITTLE SHORT of half the employers examined in a single year by the Inland Revenue were not operating the PAYE method of taxation properly—mostly by failing to report part-time workers and ignoring overtime, bonuses and other fringe benefits. The Revenue is almost doubling its PAYE inspection staff to combat the problem.

The latest report of the Commons Public Accounts Committee registers concern at the poor performance of employers, "whether from ignorance, neglect, or through deliberate evasion."

The tax authorities plan to increase their PAYE inspection staff from 185 in 1974 to 350 in 1979, and to strengthen their co-ordination with the Department of Health and Social Security, which conducts parallel investigations into social security payments.

New tactics

The committee records that in 1975-76 more than 40 per cent. of employers scrutinised were at fault, and £4.8m. of underpaid tax was recovered, although the Inland Revenue believes that only a very small proportion of that sum reflected intended fraud.

Only 4 per cent. of employers were covered each year, meaning that a company would on average be inspected only every 25 years. But the Revenue believes that the total PAYE loss each year is on a much smaller scale than indicated by the sample, since the 4 per cent. included some large cases, outstanding over several years.

The committee's report also states that the Inland Revenue is changing its tactics on dealing with incorrect personal tax returns by individuals, and now plans to deal more leniently with offenders who co-operate in working out their liabilities, and come down heavily on those who are "dilatory or obstructive."

The authorities have also switched their fire in the perennial battle to keep checks on individual accounts through their under-staffed and often under-qualified inspectors. From the start of this year all accounts will be screened by an inspector for "general acceptability" and a relatively small number picked out for a "thorough and critical" examination.

It is expected that around 5 per cent. of accounts u Schedule D would receive latter treatment, of which than 10 per cent. would inv major taxation points.

Misleading

The report provides evide of the rising cost of the admi tration of the tax system, though the yardstick chose challenged by the In Revenue.

Total cost was put for 19 at £354m., equivalent to 1.95 cent. of revenue collected, c pared with £250m. or 1.75 cent. the year before. But department claims that the was misleading since yield easily be altered by the Gov ment with no change in admi tration requirements.

Staff at the Inland Revenue risen by April 1, 1977, to under 84,000 from 81,694 a earlier, and 74,171 in April —an increase caused by higher number of people to higher rates of tax.

The committee pointedly the Government, when consi ing changes in the tax system, "take full account of the sta implications" and avoid an precipitate increase in person

Call for more facts on State aid risks

THE Committee is pressing the Government to give a clearer idea of the sums to which the taxpayer could be liable under its increasing use of State guarantees to secure bank loans for companies it has rescued.

Treasury officials, according to the committee, are either unwilling or unable to provide precise data of the Government's potential involvement should the companies collapse.

The report states that guarantees under the 1972 Industry Act, which cover beneficiaries like Chrysler U.K., total around £1bn., with a further substantial amount accounted for by the North Sea oil development programme.

But what worries the committee most are the contingent liabilities which might arise if a Government-owned venture like Rolls-Royce 1971 or British Leyland went under, and which had never been properly set out before Parliament.

"The position is very dangerous," Mr. Edward du Cann, chairman of the committee, said yesterday. "The inability of the Treasury to give a precise figure indicates the extent of the risk."

Mr. du Cann pointed out that the Government had in effect built up a "portfolio of risks" far greater than any private undertaking would have allowed. He demanded that guarantees be kept as short-term as possible and frequently reviewed.

In evidence to the committee last June, which has only just been released, Sir Leo Pliatzky, then in charge of public expenditure at the Treasury, said that most "transactions of the kind under discussion were still in line with the old Treasury doctrine that you only give guarantees where you don't expect them to be called."

But he acknowledged the Government's deepening involvement in industry and added: "I know of no technical means of limiting your liability in some accounting sense. The first thing is to be conscious of the issue and to have a Government determined that the public sector of industry should be competitive and efficient, and should respond to the market."

The committee none-the-less is demanding more specific notification to Parliament of guarantees and more detail of the likely size of contingent liabilities in big cases, where the Government has given a general assurance "whose financial effect cannot be quantified with any certainty."

Whitehall rebuked on HP deal

A REPRIMAND is given by Committee to the Civil Serv Department for buying co puters on a deferred paym basis to get around Governme controls on public expenditure.

The cases spotlighted by th influential panel of MPs involv the purchase of four comput systems by the Department's Ce tral Computer Agency for othe Whitehall departments for total of £5.4m. Payment w spread over three or four yea with interest set at a 3 per cent. above the Bank England's MLR.

The Committee's report say "We consider that procureme by deferred purchase is undes able both because it is more e pensive than direct purchas and because it may constitute circumvention of curbs demand."

More forthrightly Mr. Edwa du Cann, MP, the Committee chairman, said yesterday: "It amazing that there has been apparently deliberate attempt b a Government Department to ge round Government restrictions."

The Department has taken the message to heart. The practice has been outlawed, and in future the Treasury will impress on all departments the need to make purchases outright wherever possible. Mr. du Cann was confident that the rule would be applied to stamp out similar practices elsewhere in Whitehall.

Public Accounts Committee, S.O.; £2.10.

Technologists urged to air their views

BY DAVID FISHLOCK, SCIENCE EDITOR

A CALL for technologists to make their views heard, and to make sure that their advice was understood before politicians took fundamental decisions involving engineering, was made by a leading British civil engineer last night.

Engineers should stress the importance of innovation said Mr. Peter Duncan, chairman of Ove Arup Partnership.

Mr. Duncan, new president of the Institution of Structural Engineers in London, speaking on the social and political implications of structural engineering, said that while doing more to inform politicians about the technical consequences of decisions they were contemplating, engineers had to be willing to expose their own limitations.

"We are not politically impotent nor are we omniscient, but neither are they," he said.

The engineer's approach to matters of public policy had to be realistic, logical, positive and professional.

Mr. Duncan said although he was opposed to lobbying, in practice there appeared to be no alternative, if engineers were to make their views known.

Innovation could have unexpected consequences, Mr. Duncan acknowledged. But more often they were "unfairly blamed for bad consequences which might have been foreseen if the right foresight had been exercised, or was exercisable."

He cited a variety of disparate engineering disasters—Aberfan, Aldershot, Camden, Comet, Ferrybridge, Flixborough, Milford Haven, Ronan Point, Summerland and Yarra.

The common feature was the engineer's failure to recognise the initial danger signal beforehand. This would have been different in each case and difficult to recognise, but he believed that it could have been perceived "had we been looking in the right direction at the right time."

The common factor, he believed, was not "some great unknown or unrevealed principle" but a genuine accident resulting from human error. No one but the engineer was in a position to do anything about it.

What was unsatisfactory was the way in which political expediency often appeared to determine public reaction to a particular incident, often when political decision, if not expediency, has given rise to the circumstances which, even if they did not encourage or provoke the incident, were central to its occurrence.

Company failures rise again

By Christopher Dunn

COMPANY failures rose again in the third quarter this year, with construction and furniture operations making up the bulk, according to figures issued by Trade Indemnity, the credit insurance operation.

Companies collapsing through bankruptcies, receiverships, or liquidations totalled 513, about 5 per cent. up on the second quarter this year and the comparable period in 1976.

In building and construction, there were 170 failures, or 42 per cent. up on last year. This indicated a marked deterioration in the sector's trading climate since failures for the first nine months, at 493, were still only just ahead of last year (484).

Furniture and upholstery failures totalled 78, more than 50 per cent. up on last year, and TI highlighted the recent collapse of the Bond Worth Holdings group as a major factor here. Companies, particularly at the retail and wholesale end of clothing, furniture and carpets, were also hard hit by a fall in consumer expenditure.

Mr. Hugh Dowell, TI assistant general manager, said the figures were "disappointing" after the slight improvement during the first six months of the year. But they were in line with the general trend, seen in the record number of compulsory liquidations (2,511) ordered last year. About one-fifth of these compulsory liquidations were in construction.

Mr. Dowell expected a further increase in failures by construction companies during the winter. But prospects for manufacturing companies were improving.

He said: "The weaker manufacturers have been weeded out and the stronger ones have weathered the storm. The evidence is that engineering and machine tool manufacturers are now well past the worst."

Trade Indemnity figures showed a big drop in debt collection for engineering and metal operations in the first nine months.

Government cuts restored by Scottish council

SOME OF THE public spending cuts imposed under the Government's counter-inflation measures are to be restored by Scotland's largest Regional Council.

The policy and resources committee of the council, which serves half the population of Scotland, decided in Glasgow yesterday to spend nearly £5m. extra in the current financial year to restore cuts and improve services.

Councillor Geoffrey Shaw, the council convenor, said afterwards that he was not apprehensive of Government-imposed sanctions. "The figures here are still close to Government guidelines," Mr. Shaw said. "They are exceeded by less than £1m."

Part of the increased spending will come from an expected surplus of £9.45m. on the regional budget for the current year. The remainder will be taken from a £2m. contingency fund. The remainder of the budget surplus will be carried forward to 1978-79.

BSR takes on more workers

FIFTY NEW workers are to be taken on at the BSR record-player factory in Cradley Heath, West Midlands.

The company which employs more than 3,000 men and women is looking for semi-skilled workers to boost production to export markets.

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HOME NEWS

ICI dispute over gas price near settlement

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE DISPUTE between British Gas and Imperial Chemical Industries over the price the chemical company should pay for its North Sea gas feedstocks is expected to be resolved in the next two to three weeks.

The two sides have been talking for many months. This is the first indication that they are close to agreement.

ICI entered into the 15-year contract for the supply of about 900m. therms of gas a year in 1969 at what was virtually a fixed price. The original contract was worth nearly £250m. It is still the biggest tho corporation has ever signed.

The price of oil has risen more than five-fold in the wake of the increases impleoiented by the OPEC countries, but the price paid by ICI for the natural gas feedstocks for its ammonia plants has hardly changed.

Ammonia is the principle feedstock for much of the fortiliser sold in Britain, and other fertiliser manufacturors havo found themselves at a disadvantage against tho prices charged by ICI, which bases its prices on supplies of ammonia derived from extremely cheap gas feedstocks.

Some fertiliser manufacturers have gone out of business and others have made losses or faced severely reduced profits as a result. There has heon heavy industy pressure for Government intervention. The Government has talked to both sides but has relied on the ICI/British Gas negotiations to provide a solution.

British Gas resorted to arbitration earlier this year on the grounds of a hardship clause in the contract. The arbitrator decided in favour of ICI.

The negotiations have been tough, for every 1p a therm increase gained by the corporatioo adds £10m. a year to ICI's gas hill.

But British Gas has argued that the cost of its supplies has increased considerably and will rise even *faster* as gas from the northern fields—Frigg and Brent—starts to flow.

● Mr. Stuart Hey, deputy chairman of ICI agricultural division and formerly the fortiliser business area director, has been elected president of the Fertilisor Manufacturers Association. He succeeds Mr. Peter Perrin, a director of Edward Webb and Sons.

Machine-tool boost signalled by £8m. new orders

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

BRITAIN'S machine-tool manufacturers have been forecasting a boost to their U.K. orders as a result of the sharp fall in interest rates, and tho first sign that these expectations will be fulfilled came from Wilkins and Mitchell yesterday.

Mr. Henry Wilkins, chairman, reported that the group's machine-tool division had collected orders valued at £8m. in the past few days and that further orders equal to about the same amount had been confirmed verbally.

"What is especially encouraging is that two-thirds of these orders are from U.K. companies, reflecting what must be a considerable improvement in the industrial investment climate," he said.

The recent order intake compares with Wilkins and Mitchell's machine-tool turnover in the past of about £6m a year and thus represents 12 to 15 months' work.

Mr. Wilkins confirmed that the machine-tool ordor book was now at its highest level since the group was founded 70 years ago.

Most of the orders are for power presses and are destined for either the automotive or consumer durables industries.

Heading tho list is an order worth £2.3m. from Vauxhall Motors for five large-capacity presses. Two other orders, both worth more than £1m. each, are from the U.S. and Saudi Arabia.

Mr. Wilkins said the influx of orders would *allow* full use of the expansion programme started by Wilkins and Mitchell in 1974 when its Midlands-based manufacturing centres were developed and strengthened by the acquisition of the Scottish Machine Tool Corporation of Glasgow and Power *Press* Enterprises in the West Midlands.

London Transport oppose council's shake-up plan

BY JOHN LLOYD, INDUSTRIAL STAFF

SERIOUS differences emerged yesterday between the Conservativo leadership of the Greater London Council and tho London Transport Executive, over a GLC announcement of a "big shake-up" in London Transport.

The GLC proposals were given in a policy paper, London Transport—a New Look, which was drawn up by the council's Loodon Transport Committee, headed by Mr. Harold Mote. The paper emphasises tho need to introduce its proposals quickly—"as a matter of political judgment and decision."

Mr. Mote said: "To seek professional guarantees at every twist and turn could only lead to stalemate and the retention of a transport system in London which has its foundation in Victorian times."

However, the London Transport Executive issued a strong statement disassociating itself from the pelicy document.

The executive said: "The draft document has been prepared by the Conservative administration at County Hall with virtually no consultation with London Transport Executive."

The executive had serious reservations about the practicability and wisdom, from the passengers' standpoint, of several of the document's proposals which concern tho day-to-day management of London Transport. The executivo will publish its comments within the next week or so.

The major proposals in the policy paper are:

● A big increase in one-man operated buses.

● Tho cutting out of bus, underground and British Rail duplication of routes.

● The creation of a self-contained bus network within central London. Passengers would interchange between the central buses and the longer-route suburban buses.

● Cutting London Transport's expenditure to save nearly £186m. from the projected budget deficit for 1978/83.

● Closer surveillance by the GLC of the operations of the London Transport Executive.

Many of these proposals are radically different from previous practice. The GLC envisages, for example, that the switch to one-man operated buses, together with other cuts would mean the loss of about 10,000 jobs over a period of five years. That figure represents almost 20 per cent. of tho present workforce.

The document clearly foreshadows the closure of several bus routes and undergro[und] stations

However, Mr. Mote said [that] one example of wasteful du[pli]cation of service was the Cen[tral] Line running *from Ruislip* [to] Action, beside the Great West[ern] British Rail line.

The figure of £186m. which [the] GLC wants to save is the exc[ess] of expenditure over income [in] tho next five years (1978-8[3]) assuming that fare rises [are] limited to inflation. The G[LC] paper argues that this som m[ay] be saved by higher productivi[ty].

The GLC policy paper stres[ses] the overseeing role which [the] council exercises over the exec[u]tive.

For example, it says: "T[he] power to give directions provid[es] the Council with comparative[ly] wide scope to influence t[he] Executive's policies."

In a bid to increase the Coun[cil]'s control, the policy pap[er] proposes that "the Council w[ill] extend the auditor's terms [of] reference by a requirement [to] report annually to the Counc[il] on the executive's complian[ce] with the Council's directions an[d] on the effectiveness of the exec[u]tive's own rules for financ[ial] control."

Conservatives must combat electoral bribery, says Walker

BY RUPERT CORNWELL, LOBBY STAFF

MR. PETER WALKER, a senior Minister in the Heath Government warned yesterday that the Conservatives must go onto the offensive as never before if they were to win the next election "in an atmosphere of electoral bribery."

Speaking at Droitwich, Mr. Walker, who is strongly identified with the party's liberal wing, pinpointed the central difficulty facing the Tories in the election run-up—how to persuade voters *that they would make better use* of benefits of North Sea oil than Labour.

"For election year, the Government's ability to bribe the electorate has few limits," he said. "In 1978 North Sea oil will give a £3bn boost to the balance of payments among other benefits.

Mr. Walker made no bones that the Conservatives faced a difficult task in winning and pointed to the "smug satisfaction and complacency" on show this week at Brighton as proof that his fear was well-founded.

"It is time that the electorate were awakened to the facts that had the Almighty not deposited substantial oil supplies in the North Sea, and had capitalist oil companies not had the skill and ingenuity to extract it, the Labour Government would by now have collapsed and our economy would be in appalling disarray."

But now, Mr Healey, who had incurred deeper debts than any other Chancellor in British history, found himself with the biggest source of income independent of the taxpayer which had ever been available in British history, Mr. Walker said.

Pension secrecy protest

THE Superannuation Funds Office, the department of the Inland Revenue responsible for pension scheme approval, has been attacked by a leading pension consultant for its silence over a fondamental point of pension scheme policy.

Bowring and Layborn, the employee benefit arm of the Bowring Group, condemns the department for adopting a "cloak and dagger" approach over the amount companios can set aside in their pension schemes to meet future inflationary increases.

Payments made by companies into pension schemes are fully alowable for corporation tax relief provided such payments have the department's approval. The principle of the SFO has been that companies cannot make excessive payments just to reduce their tax bill.

One sensitive area has been the funding for inflationary increases in pensions once they become payable. Even when inflation was running at 20 per cent. or more, the department would not allow paymants to cover more than a 5 per cent. increase.

Now Bowring and Layborn claims that the department has since March moved the limit up to 8½ per cent., but it has not published this -ut4 yH . mfwy p publicised this concessinn. It asks: "Why this cloak and dagger approach to what is an eminently sensible, if belated, change of heart?"

Forged BSC test certificates suspected

THE SECRETARY of a Bradford company of steel stockholders confirmed yesterday that it was the subject of police investigations into the alleged issue of forged British Steel Corporation test certificates.

Mr. Michael Butler, secretary of the G. M. Firth (Metals) Group, which has its headquarters in Young Street, Bradford, said that police had been making investigations at its subsidiary, G. M. Firth (Steel Stock), steel stockholders. The inquiries had been going on for somo weeks.

Mr. Butler said: "The police have been investigating the activities of certain employees of the subsidiary." The steel stockholdings subsidiary employs from 30 to 40 people, all at Bradford, but Mr. Butler declined to say how many of them have been involved in tha investigation.

The inquiries are being conducted by Humberside police who were called in after some of the steel with suspect certificates was supplied to Redpath Dorman Long of Scunthorpe, the construction division of the British Steel Corporation, and a member of the consortium which has the contract for the £54m. Humber Bridge.

British Steel said last night it could not commont about a police inquiry.

Roy Hodson writes: British Steel issues certificates, when required, to identify steel from its works as being made and testod to the relevant standard from the many thousands of British Standards Institution specifications for steel, or to other recognised international standards required by customers.

Reconditioned engine service

By David Freud

NATIONAL CARRIERS, the parcels aod general haulage subsidiary of the state-owned National Freight Corporation, has launched a commercial engine reconditioning service. Known as Renova Replacement Units, it comes within a month of the launch of Homeward, a mail-order distribution notwork, and represents a further initiative by National Carriors to utilise its spare capacity.

NEW FEES PLAN COULD CHANGE COURTS

Solicitors may use U.S. system

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE U.S. system under which a lawyer charges a fee only if successful, and the fee is an agreed percentage of money recovered, is being seriously considered by English solicitors.

Speaking at the opening of the Law Society's national conference at Harrogate yesterday Mr. Richard Denby, the Society's president, envisaged the possibility of a contingency fee system in cases authorised by the existing Legal Aid Committees, who would fix the percentage in relation to prospects of success.

As a better alternative the Law Society would fully support the setting up of a public Contingency Legal Aid Fund, proposed by Justice.

The introduction of any variant of the U.S. contingency fee system—considered unethical by U.K. lawyers so far—would release a chain reaction, bringing a radical change in the transaction of legal business concerning claims for payment of moneys and generating pressure for equally radical changes in the civil procedure of courts.

A contingency fee system would open access to courts to the great majority of claimants who are neither poor enough to qualify for legal aid nor rich enough to bear the legal costs should they lose their case.

Lawyers paid by result would become financially interested in simplified and speedier court procedure. The proliferation of actions would make it impossible for courts to allow as much time for oral hearings as they do now, so that a shift towards more reliance on written procedure would become almost inevitable.

The adoption of the contingency fee system by solicitors would also act as an incentive for barristers to seek partnerships with them or a complete fusion of the profession.

Toothless

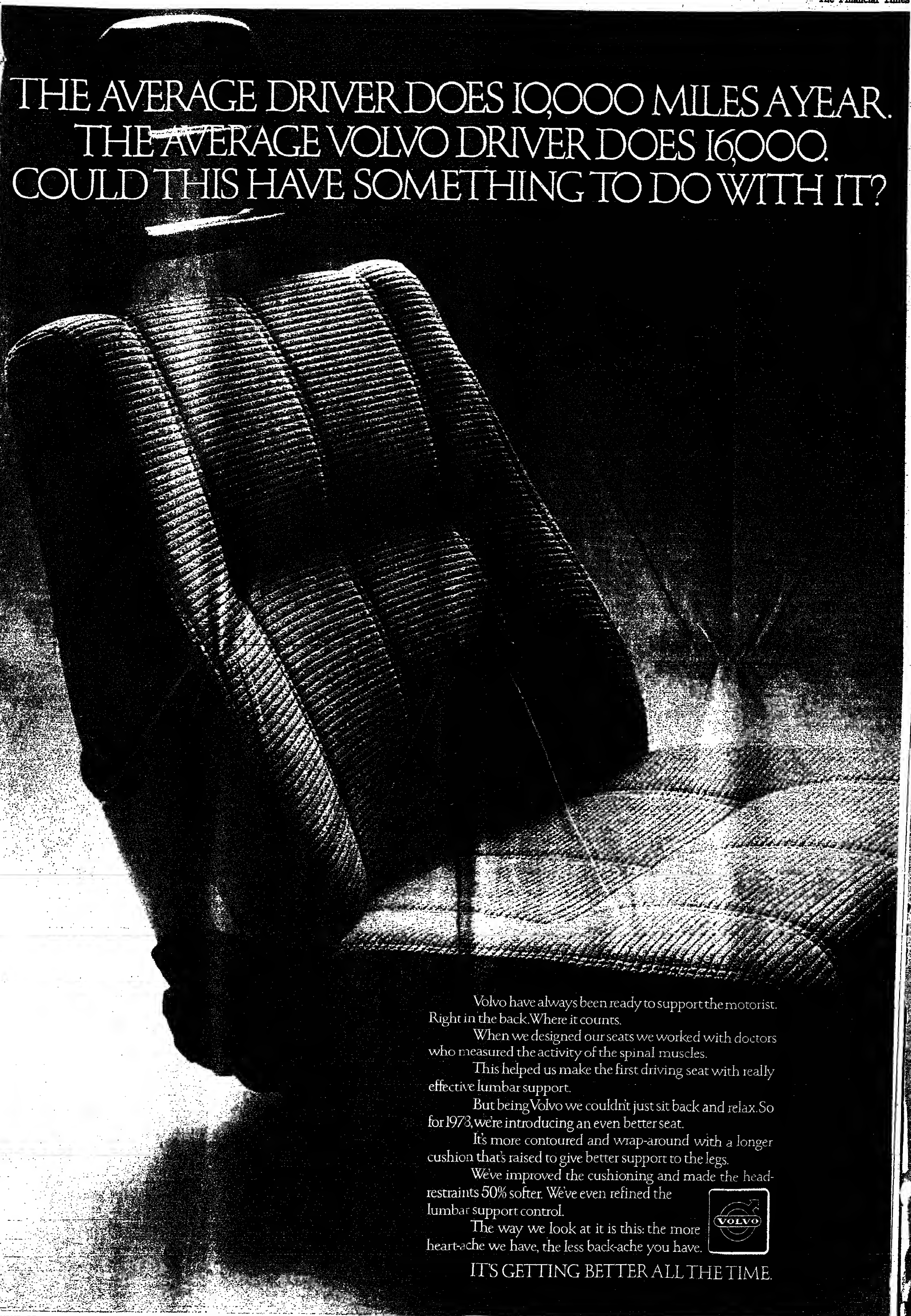
One of the immediate consequences of the change in the solicitors' attitude in favour of contingency fees is that it makes necessary a much more cautious assessment of the present EEC draft directive on product liability and of U.K. legislative moves in the same field. Without a contingency fee system any product liability legislation is likely to remain relatively toothless.

Mr. Denby pointed out that legal aid is now available to less than a quarter of the population, and the announced rise in legal aid income limits will only prevent a further deterioration. This has been proceeding very fast as a result of inflation. In 1959 legal aid was available to 64 per cent. of the population.

Mr. Denby also called for a change in court rules which would enable judges to decide that costs of litigation serving to new judicial development of the law should be borne by the State.

"Where courts of appeal overrule existing decisions, extend or make new law, why should the costs be borne by the unhappy litigant and not by the State?" asked Mr. Denby.

He also re-emphasised the Law Society's earlier demand that legal aid should be extended to tribunals.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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Protecting from shock

BTR HAS developed a portable instrument which will test not only protective footwear, but also the working environment, objects and equipment for both conductive and anti-static properties.

This development is relevant to an increasing proportion of industries as safety legislation demands higher standards of protection against all kinds of electrical hazards. It is also important for controlled research conditions or hospital operating theatres, where a build-up of static in the equipment could prove a hazard.

The device was developed by the footwear division of BTR Silvertown in Burton-on-Trent, as an extension of its range of specialist and protective footwear. One of the most important applications will be to make possible the testing of anti-static and conductive footwear in situ wherever it is worn.

Previous systems have generally involved cumbersome and expensive installations to which personnel had to make a special visit in order to have tests carried out. The new device can be used where personnel are working, to test both safety gear and the working environment.

BTR Silvertown, Horninglow Road, Burton-on-Trent, Staffs. 0283 61171.

● TEXTILES

Waste used to form fabric

IT IS SELDOM that a completely new type of textile is developed because, over the past few thousand years, almost every possible permutation of thread arrangements has been found. Now, however, from East Germany, comes something that is radically new and which is attracting interest from the textile trade of the world as it is an integral part of a total process for recycling polyester waste.

For the process, waste is combined with virgin raw material and extruded as film. This is an economical raw material that is then either put-up on warp beams as a sheet of film, or wound up in rolls of about 7-8 inches width. Using a conventional Malimo stitch-bonding machine the wide film is fed into the needling section of the machine which is threaded with filament polyester yarns, also in the warp direction.

The narrow film is taken through a fibrillating roller which converts it into a network of fibres. These are then traversed across the broad sheet in the form of a weft. As the machine stitches the two elements of film together, the "warp" sheet breaks into a tape-like structure so that the resultant material, after passing through stitching, has a textile-like character.

The new Malimo machine has been named the Malifol 2400, type 14010 and has a working width of 1650 to 2400 mm.

Rate of production at a given speed, will vary according to the stitch length which can be varied from 1.8 to 4 mm., with stitching speeds also being adjustable from 500 to 1,000 rpm.

Made by Textima (British agent: Kennedy Wagstaff, 153 Parker Drive, Leicester LE4 0JP. Tel. 0533 354321), the machine is built in various needle gauges from 7 to 14 and occupies about 38 square metres and it is expected that an annual output of about 1.1m. square metres of stitch-bonded film fabric can be produced.

Claims for the process are that it is very economical—but, as yet, it is by no means certain in which sectors of the trade the fabrics will find widest application. According to the East Germans it will make a high quality packaging material, be an excellent insulator, be suitable for filtration and act as a road reinforcement as well as being suitable for serving as a base for coated fabrics. It could also be used as a primary carpet backing fabric, although the limitation of 2.4 metre maximum width would be a problem here when a minimum of 4 metre width is demanded by the carpet trade.

● COMPUTERS

IBM launches two big machines

SIMULTANEOUSLY announced in Britain and America yesterday and foreshadowed in the Technical Page last week are two large computers at the top of the International Business Machine new series, the lead machine of which—the 3033—was unveiled in March and will begin moving out of IBM's Havant plant to customers early next year.

The two new machines, as expected, show a very considerable improvement in rate of processing and, at the same time, a sharp reduction in operating costs.

IBM stresses that its two new machines, the 3032 and 3031, will be able to run the work at present handled by earlier large machines in the 370 and 360 series, with rare modifications in operating instructions.

The smaller of the two, the 3031, comes in a price range of just over £700,000 to slightly more than £1m. and operates, the company points out, at up to 2½ times faster than the 148 machine—itself a comparatively recent launch. IBM stresses that the 148 is not being "obsoleted."

This price range reflects how much memory is installed in the processor which can have from 2m. to 6m. bytes of integrated circuit memory in blocks of 1m. At any level of memory, however, the 3031 will mean a very large step in power for present users of the 135, 138, 145 and 148 machines.

Montpelier in France is the European centre for manufacture, and will start to ship next April.

The 3032 comes very close in performance to the most powerful computer built in the preceding range. It handles 2.4m. instructions per second against 2.7m. for the 168/3 and that at much lower cost. It is indicated as the machine for users who want to expand from a 145, 155 or 158.

According to main memory size prices run from £1.3m. to £1.7m. Manufacture is again in Montpelier with the same delivery targets as for the smaller machine.

Both machines incorporate a great deal of new technology though their architecture was to all intents and purposes frozen early in 1976. Frozen is only a relative term however since the company is constantly making studies of what customers w[ant] and amending designs acco[rd]ingly.

These machines provide standard software support wh[ich] in the case of the older equ[ip]ment, was available generally [as] an extended option.

The company is simultaneou[sly] announcing a remote sup[port] facility (RSF) for the t[wo] machines. This means that [users] of the 3031 or 3032 can call [on] highly qualified service pe[r]sonnel both on the equip[ment] and on its operating instructio[ns] who have ability to perfo[rm] analysis of the work machi[nes] are doing and call on speciali[sts] who can be based many mi[les] away.

Under RSF a customer[’s] machine can be linked over t[he] telephone network to one [of] IBM's own installations to pe[r]form very fast troubleshooting [and] avoid the need for the speciali[st] to waste time in travel. RSF [is a] customer option and will [be] available in the second quart[er of] next year.

TED SCH[OETERS]

● MINING

Advance in big pumps

PROTOTYPES of a new range of piston pumps and motors are being shown by Commercial Hydraulics at the International Mining Exhibition, Birmingham, October 10/15. To date they have been produced in limited quantities only and full scale production in Europe will take some time to achieve.

Flowdyne 92 series units are the first piston pumps in the world to operate continuously at full displacement in open loop systems at 2,250 rpm, 5,000 psi with five inches Hg vacuum measured at the inlet port, the company says.

Prototype units developed are: variable displacement one side piston pumps for open loop circuits; variable displacement over-centre pumps for closed loop circuits; and fixed displacement piston pumps and motors for open or closed loop circuits.

Because the Flowdyne design eliminates bronze and hardened steel for rotating parts, the units can run on low viscosity fluids—including invert emulsion and water/glycol types. For pumps in open loop systems there is a viscosity sensing device which protects the unit against cavitation.

Commercial Flowdyne pumps have a through drive shaft design. This allows tandem mounting of a second pump of the same or smaller size to supply an additional circuit from the same drive shaft. Commercial's fixed displacement gear pumps can also be tandem mounted on the Model 92. This piggy-backing ability often eliminates the need for expensive gear reduction drives or extra power take-offs.

More from the company at Route d' Ettelbruck, Diekirch, Luxembourg.

● WELDING

Sound joins surfaces

COLE ELECTRONICS has been made the sole U.K. distributor for the MSM ultrasonic welding equipment manufactured by Telsonic of Switzerland.

Suitable for use in laboratory and production lines, the Telsonic welding equipment has a welding press and a generator with a control unit. These units are of modular construction and can be used to build special-purpose machines.

Of interest in areas where other welding methods have failed or proved to be uneconomical, this particular process allows different materials to be joined, provided their differences in hardness are not excessive. For example, aluminium can be joined not only to aluminium but also to gold, silver, silicon, copper, nickel, etc.

In general, parts to be welded need no preparatory treatment, but one of the parts should not be so thick or heavy as to prevent relative movement. In the case of aluminium sheet one part should not exceed 2mm. (approximate) thickness, but there is no limit for the other.

Typical applications for this equipment includes the joining of chemically-formed aluminium foils of electrolytic capacitors to the case or to contacting components, joining wires for coil terminations and welding aluminium foil.

In operation, components are brought together under the press and power is applied automatically for a preset time and intensity. This generates intensive local friction and while this does not increase temperature greatly, the oxide skins of the components are disrupted and the two components are pressed so closely that atomic bonding forces become effective. As the basic material does not melt there is no detrimental change of structure.

Standard machines are rated up to 700 W rms. but generators with up to 2,000 W rms. are available for special purpose machines.

Ultrasonic plastics welding machines rated at 500 to 2,000 W rms. at 20 kHz in table and stand-mounted versions and ultrasonic cleaning equipment with capacities of 0.2 to 2.8 litres (with or without heating) are also available.

Cole Electronics, Church Road, Croydon CRO 1SG. 01-686 7581.

● MACHINE TOOLS

Sheet metal machinery

LAUNCHED TODAY by F. J. Edwards, a 600 Group company specialising in sheet and plate metalworking machinery, are two guillotines and two press brakes.

Two Truecut hydraulic swing beam type guillotines, with capacities of 3050 x 5 mm and 2530 x 6.3 mm, have been added to the Edwards range. The side frames, bed and rear chute are welded into a single unit for maximum strength and rigidity. The cutting beam has a low rake (1½ degrees) and a stroke adjustment to allow maximum operating speed when cutting other than full-width sheets.

For blade maintenance the cutting beam can be inched down with power off. It is fitted with a pivoting blade adjustment for fast blade clearance setting, the hydraulic hold-down is fitted with anti-marking gripper pads, and a protecting finger guard enables narrow strips to be cut.

The powered back gauge has fast and slow speeds for accurate setting, and extends to 1,000 mm. The digital readout shows both imperial and metric measure. Standard equipment includes a set of front and back gauges, a 1000 mm. side extension squaring gauge, and one set of carbon chrome blades for cutting mild or stainless steel.

The two new Truebend mechanical downstroking press brakes have capacities of 25 and 40 tons. The smaller will take sheets of 1250 x 2.5mm and 2000 x 1.6mm, and the larger machine will take 2000 x 2.5 mm and 2500 x 2 mm. Both machines have an infra-red light beam front guard and a rear interlocked safety screen.

A range of tooling is supplied, and two-speed drive gives a choice of fast cycling on short return bends, or slow bending on long returns to prevent "whip-up." Because the machines are driven by a start-stop brake motor—no clutch or flywheel—they are not subject to the normal press regulations. Operation is by a pedal, which also allows inching.

Sir Jack Wellings, chairman and managing director of the 600 Group, is scheduled to open to-day new offices and showrooms at the Tapstone Road, Chard, Somerset, factory of F. J. Edwards. Details on 04606 5441.

● MATERIALS

Primer for rusty metal

MOIST, RUSTY metal, brick, wood and concrete surfaces can all be primed with a new tolerant paint introduced by Prodorite.

According to the maker, the paint can be applied to corroded metal with the minimum of surface preparation, such as wire brushing to remove loose scale. It is claimed that the primer will encapsulate rusty metal, and heavily corroded test samples were subjected to aggressive weathering conditions for six months with no corrosion under the primer film.

In addition to its use for priming metal, it is stated to be suitable for application to damp walls to provide a tough dry surface for further finishing, and to act as a bonding agent when rendering or screeding concrete.

More from the maker at Eagle Works, Wednesbury, West Midlands, WS10 7LT (021-556 1821).

● ELECTRONICS

U.K. thrust into image processing

IN MOST people's minds the main claim to fame of Gresham Lion—now employing 900 people and turning over about £8m. a year—is in power supply units and constant voltage transformers: it developed the first U.K. models of the latter before the war.

Little known to most of industry however, has been its work for the Royal Navy in submarine fire control systems. This, coupled with the acquisition two years ago of Process Peripherals and its disc store designs has led to the development of advanced image processing equipment which the company is now bringing to the market under the names of Datascan and Datagraph.

The general objective of Datascan is to accept pictures, either from direct digital sources such as satellites and brain scanners or from a digitised television frame, and store them on a frame per track basis on magnetic disc. The pictures can then be selected and read out as required by up to 48 different users seated at VDUs. Typically an image may have a resolution of 512 x 512 with each point able to assume 128 levels of intensity in colour.

The company foresees a number of applications. In the process and power generation industries for example, the need arises for relatively small control room staffs to monitor a large number of readings. Using the system it is possible to continuously collect the data, digitise it, process it into bar charts and graphs showing trends and alarm situations and arrange that only significant (or alarm) frames are displayed on the screen. Other than this the operator can select at will those pictures he needs.

Applications similar to those at NASA in connection with satellite pictures are also expected to develop in Europe: the company hopes to supply equipment to Italy soon in connection with processing pictures from the earth resources technology satellite (ERTS) and the U.K. Meteorological Office is believed to be working towards similar ends. Business should also arise from the European Meteosat.

Gresham Lion is also likely to be chasing the image market resulting from the recent boom in brain scanners — sequential pictures can be stored, modified and looked at by many people at once.

One of the more remarkable applications however, so far being exploited even in the U.S., will be in the security checking of visitors to secure sites and buildings.

A problem that has arisen with "ID" cards is that the holder may not be the lawful owner. The idea is that all card holders will have their pictures recorded on a central disc file; when the visitor arrives his face is televised and his recorded picture retrieved according to the number on the card. The gatekeeper would see both pictures at once. More on 01-394 5511.

GEOFFREY CHARLISH

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SUBSCRIPTIONS

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LABOUR NEWS

Scott Lithgow men claim interim rise

NANCIAL TIMES REPORTER

OTT LITHGOW Group, which rt of British Shipbuilders, s claim from its 8,000 work- r for an interim pay rise way through their present onth agreement.

op stewards, who will meet agement to-day, said their thers earn £12-£16 a week than colleagues 18 miles up r at Govan Shipbuilders and cannot wait any longer for gap to be reduced.

r. Willy Bolton, secretary of joint shop stewards' com- re, said they did not want to e disruption or prevent eagues receiving rises when were due, but the disparity wages had gone so far that wondered if they were still he same industry.

he gap between Upper and er Clyde has steadily ened since the Government ted backing shipbuilding at an, first with Upper Clyde pbuilders and now with its essor Govan Shipbuilders.

tolls-Royce's 5,700 Scottish nual workers yesterday ored the company's warnings ut National Enterprise Board ctions and demanded a pay of more than 10 per cent. e men, employed in the firm's llington and East Kilbride o-engine factories, unani- usly rejected the company's 10 per cent. which was made in response to their 25 per cent. claim.

Mr. George McCormack, shop stewards convener, said they would take the claim through negotiating procedures involving full-time union officials. "At the end of the day we will probably have to decide whether to put up or shut up."

The men have been warned by Sir Kenneth Keith, the company's chairman, that the NEB can withdraw continuing financial aid if the company is forced to break the public sector pay guidelines. Sir Kenneth warned that without this aid Rolls-Royce's aero-engine division would have no future.

The breakaway Scottish Labour Party yesterday urged workers to fight unemployment by putting in pay claims beyond the Government's guidelines.

In its latest Industrial News Letter, which is circulated to shop stewards throughout Scotland, the party says higher wages would increase purchasing power—and the dole queues would then shrink as more people were employed to produce extra goods.

It urges workers to ignore attempts to reach Phase Three settlements. "The Labour Government is not going to save the workers. The workers will have to save themselves."

Pilkington staff win bonus deal

By Our Labour Staff

MORE THAN 7,200 processing workers at Pilkington Brothers, the biggest hourly paid group in the Lancashire-based glass manufacturing group, agreed yesterday to accept a Phase II pay settlement — in conjunction with a company offer of a 10 per cent. self-financing productivity deal.

The processing workers, members of the General and Municipal Workers Union, who are almost three-quarters of the company's hourly paid workers in the U.K., were due for a settlement on June 25, but opted for a delay in negotiations to see what emerged at the end of the two-year period of strict Government pay restraint.

The productivity deal has not been finally agreed, but is to be recommended by union negotiators shortly.

The company said yesterday that since the productivity deal was to date from August 1 it did not expect there to be any conflict with Government pay policy for this year. Self-financing deals, it was pointed out, do not have to comply with the 12-month rule and merely have to be justified in terms of real productivity expectations in the year ahead.

The 10 per cent. rise is based on average earnings of £75 a week without the Phase II increase.

ACAS ban angers engineers' union

BY DAVID CHURCHILL, LABOUR STAFF

A FURIOUS attack on the Advisory, Conciliation and Arbitration Service was made yesterday by the U.K. Association of Professional Engineers following ACAS's refusal to recommend recognition for UKAPE at a Bedfordshire engineering company.

Mr. John Sampson, the union's general secretary, described the ACAS decision as a "monstrous perversion of justice" and the "dirtiest piece of white-washing I have ever seen."

Professional engineers at the company, W. H. Allen Sons — part of Amalgamated Power Engineering of Birmingham — yesterday staged a one-day token strike in protest at the ACAS decision. The union is taking legal advice early next week on whether to challenge the decision in the High Court.

Yesterday's row over the ACAS report — published under section 12 of the Employment Protection Act — is part of a simmering dispute between a number of unions both within and outside the TUC for expansion and recognition in the engineering industries.

ACAS decided in the case of W. H. Allen that, despite the fact that a majority of engineers surveyed were in favour of UKAPE recognition, it would not be in the interests of good industrial relations to grant it.

It concluded that "a recommendation in favour of UKAPE would lead to a further fragmentation" of existing procedural arrangements in the engineering industries.

These agreements have been made with the Confederation of Shipbuilding and Engineering Unions which, along with the Engineering Employers' Federation, argued against UKAPE. The ACAS decision, which was unanimous, was based on the fact that UKAPE was a non-confederation union member rather than on its non-TUC status.

Yesterday's strike decision by 44 out of UKAPE's 78 members at the company was taken, in accordance with the union's rules, after a two-thirds majority in a secret ballot had been reached. Some engineers who had important meetings or who were away on business trips were allowed not to join the strike. It was the first time that these engineers had staged industrial action.

Yesterday the union quoted from confidential management reports which were said to highlight the "tremendous discontent" among the engineers at pay and conditions at the company.

Mr. Sampson said yesterday that the decision was a test-case for the union's other claims for recognition in the engineering industry.

Editorial Comment Page 22

Pay norm not to be relaxed, hauliers told

By Pauline Clark, Labour Staff

A DELEGATION from West Midlands employers of nearly 10,500 lorry drivers were told yesterday there had been no relaxation of the Government's view that their recently negotiated 15 per cent. wage settlement would not be in the national interest.

In their second meeting at the Department of Trade and Industry in London, representatives of 170 companies in the area's Road Haulage Association spent nearly two hours with Mr. William Rodgers, the Transport Secretary. Little progress appeared to have been made although discussions were said to have covered productivity.

The association's leaders, who are believed to feel as strongly as the drivers' union that a 15 per cent. increase is justified and not inflationary have been asked to visit the DTI again for further talks next week.

Mr. Ken Rogers, vice-chairman of the RHA, said after yesterday's meeting that neither side seemed to have moved in any direction. Each side had agreed to look again at the figures before the next meeting.

The 15 per cent. settlement is not due to appear in the wage packets until the end of November but meanwhile, pressure for a solution to the planned breach of Government pay policy is building up on both sides.

Unions campaigning to stop Hitachi

BY CHRISTIAN TYLER, LABOUR EDITOR

MINISTERS have been under increased union pressure this week not to allow Hitachi to build a television factory in Washington, Co. Durham. Union leaders believe a decision is only a few weeks away.

The Labour Party conference in Brighton gave them the opportunity to step up their campaign against the plant. They believe that Mullard, the remaining U.K. manufacturer of colour TV tubes, is serious about its private warnings that it might have to close one of its two factories—also in Durham—if Hitachi is let in.

The Electrical and Plumbing Trades Union says that 1,500 jobs are at risk at Mullard unless the Government reverses its policy of actively encouraging Japanese investment, at least in this case. The Hitachi factory would provide between 400 and 450 jobs immediately, rising perhaps to 500 later.

Fresh urgency has been injected into the argument because of a letter from Thorn Electrical, a leading TV set maker, to the Department of Industry. Thorn has said that it and other set makers would be unable to continue buying Mullard tubes—or indeed many other U.K.-made components—if the plan goes ahead, and that between 1,000 and 2,000 jobs could be lost.

Thorn already buys some of its tubes from Mullard, whose other factory is at Simonstone in Lancashire. The bulk comes from RCA in the U.S.

If Hitachi is refused, Thorn and others are ready to increase their purchases from Mullard.

The unions believe that the problem is being considered by the Prime Minister as well as Mr. Eric Varley, Industry Secretary, and may have to go before the Cabinet.

Not only has no Japanese investment in Britain so far been refused, but the Department is planning a mission shortly to try and secure more.

The argument is that if Britain does not accept Japanese investment, other European countries will and the products will enter anyway.

The unions argue that if the Government will not employ selective import controls, as demanded by the TUC, then it must refuse inward investment where that puts an industry and jobs in danger.

Spending cuts halt sackings

EDUCATION officials in Northamptonshire are to cut expenditure on new school buildings, maintenance and books by more than £3m. to avoid carrying out their original plan to make 250 teachers redundant. The move follows opposition from teachers' unions.

Lift engineers go slow to back 130% claim

N OFFICIAL work-to-rule by t maintenance engineers over 130 per cent. pay claim is due begin this morning, the ngineering Employers Federa- on said last night.

Already unofficial action by e engineers, members of the ectrical and Plumbing Trades nion, has stopped some lifts ecause of lack of maintenance, e federation claimed.

The union, which was not vailable for comment last ight, has apparently formerly rejected the federation offer of a 10 per cent. settlement within the Government's pay guidelines. It is demanding a 130 per cent. rise from the beginning of the month.

The federation says that many of the industry's 5,000 engineers are already earning between £4,000 and £5,000 a year and their offer would give them an extra £8 per week. Last night the federation was waiting to see what the Government would do "about this flagrant attempt to break the pay policy."

Gatwick Airport reopens

ATWICK AIRPORT re-opened t 2 p.m. yesterday after an 18- our shutdown caused by an ndustrial dispute. One of the irst aircraft to land was a light ircraft carrying M. Francis Mitterrand, the French Socialist eader, who was due to address he Labour Party conference.

Gatwick was closed after the irport fire service stopped work t 8 p.m. yesterday in support of strike over grading by 80 British Airports Authority ngineering craftsmen.

A MEETING between Mr. Edmund Dell, Trade Secretary, and representatives of airline unions and management failed to provide any new peace initiative last night to end the 36-day old strike by air traffic control assistants.

Mr. Dell was told by the unions and management about the effect of the dispute on air traffic — reduced by almost half —but he stressed that the assistants' claim for a settlement blocked by pay policy could not be met under the Government's pay guidelines.

No solution to sewer row

PICKETS are expected to remain t the gates of J. Murphy and ons' North London building ontract site to-morrow after alks at Transport House yester- lay failed to find a solution to union row which has disrupted work for more than a week.

The company was last night pessimistic about the prospects of an early solution to the dispute in spite of having agreed to an inspection of union cards on the site by Transport and General Workers' Union national officials. The inspection follows allegations—denied by Murphy and by its own TGWU employees —that non-union labour is being used for excavation of a sewage tunnel.

IoJ to ballot on joining TUC

A SECRET BALLOT on TUC affiliation is to be held by the Institute of Journalists, the institute's annual conference in Birmingham has decided.

The ballot, a date for which still has to be decided, is the result of pressure from some delegates for a more vigorous role for the union and to counter demands from the National Union of Journalists for a closed shop in the industry.

Delegates, however, decided by almost three to one against adopting TUC affiliation as a policy. The conference also decided against seeking closer links with the NUJ

The Property Market

BY JOHN BRENNAN

The auction that cost £400,000

Estates and General Investments will have to deal with an exceptional loss of around £400,000 following the sale of its most disastrous investment, the Victoria Hotel in Nottingham.

The 182-bedroom hotel was auctioned by Druce and Company earlier this week, and sold to the Reo Stakis Organisation for £645,000. A sale that brings to an expensive close one chapter in E and G's tangled saga.

E and G became involved in the hotel through Mr. Rex Henshall who was at one time the right-hand man to Trust Houses Forte's chief, Mr. Charles Forte. Mr. Henshall's private hotel company, Castle Point Properties, managed to borrow from E and G in May 1974 to buy and complete refurbishment of the Victoria. Just why the property group made the loan remains a mystery.

Early in 1975 the loan was topped up to £700,000, shortly before E and G was forced to appoint a receiver to Castle Point.

The hotel's problems paled against E and G's own internal battles in subsequent months.

Cash rich E. and G., although rather less rich than it might have been but for the Victoria deal, became involved in a takeover fight that is still unresolved.

Mr. Peter Prowting acquired a 29.8 per cent. shareholding in E. and G. from Mrs. R. J. Davison, a director and widow of E. and G.'s former managing director, paying 40½p a share, twice the then market price. Mr. Prowting's County and Suburban Holdings, his private property development group, then proposed a reverse merger with E. and G. And C. and S.'s management entered into a contract to run E. and G.

Shareholders fought the merger, and after a bitter legal battle the plan was shelved. G. and S.'s team still run E. and G. Mr. Prowting still holds his share stake. But the two companies remain separate.

Mr. David Bloomfield, general manager of both E and G and C and S, takes up the Victoria story. "We are not hoteliers, and we took the view that we should sell and put the money to profitable use." E and G had to pay a further £75,000 to buy out the fixtures and fittings of the Victoria before the group's auditors would waive qualifications on the security of the £700,000 loan.

Mr. Bloomfield explains that the sale has been delayed as E and G "didn't want to throw it away on bargain hunters." But in the event, the sales proceeds fall £130,000 short of the net loan plus contents expenditure and will not cover rolled-up interest costs on the loan of perhaps another £250,000. The group has a claim for £75,000 plus interest against a third party but does not anticipate any further recovery on its loans.

Having finally resolved the Victoria Hotel problem, where now for E and G?

Mr. Bloomfield says that the group is "being weaned off" its reliance upon simple investment income from cash resources and is gradually building up its property investment side again. As for the controversial merger plan with G and S, Mr. Bloomfield has never doubted the logic of the merger, and says "that hurdle will no doubt be thought about again at some stage."

Call for more information

In an unflattering analysis of Land Securities Investment Trust, published to-day, stockbrokers W. Greenwell add their voice to calls for greater disclosure by property companies.

As Land Securities' 1977 accounts broke new ground by including detailed rental income projections, the group feels rather agrieved at being taken to task for not keeping shareholders fully informed. But Greenwell, while welcoming the additional information, argues that it is still inadequate.

Criticism focuses on the group's March 1977 valuation. Expanding on its earlier argument that the rental outlook for older City of London offices is not impressive Greenwells reject the general market view that Land Securities' 1977 valuation was too conservative. The group revalued on an overall 8.66 per cent. equated yield basis coming out with a mere 3.8 per cent. increase over the previous year's assets per share figure, at 223p.

Greenwell argues that the 1976 valuation was over-optimistic, the 8.66 per cent. reflected the predominance of longer rent review leaseholds within the portfolio, and consequently the asset uplift since March is unlikely to have been more than 10 per cent., giving an asset estimate of 255p a share. The analysis echoes similar work by brokers Hoare Govett, whose current estimates run into the 270p range. On either basis the shares, at 222p, stand at a wafer-thin discount to assets and lead Greenwell to conclude that they are unattractive.

Greenwell runs into a shortage of published information in its efforts to analyse rental growth assumptions, and from these the group's valuation basis. As Land Securities leads the field amongst property companies in terms of disclosure, Greenwell is adding fuel to a debate that will soon be under way again between the industry and accountants following Wednesday's decision by the English Institute to defer consideration of depreciation standards until the Accounting Standards' Committee reviews the whole question of property company accounting.

No shares for Eagle Star

Eagle Star Insurance has been given top billing in so many stock market rumours over the past few weeks that it is tempting to apply the "no smoke without fire" principle.

For some weeks dealers have been talking about Eagle Star's acquisition, at 65p, of Union Corporation's 26.2 per cent. stake in Capital and Counties Property Company. A deal that would have clearly presaged a full scale bid. Then there have been the rumours that the insurer is Allied London Properties' mysterious financial backer in its bid for Peachey Property Corporation. And there have been the equally firm suggestions that Eagle Star was taking a close interest in Samuel Properties, and that it had finally agreed terms with Bernard Sunley Investment Trust and was poised to spring using its one-third shareholding in Sunley to carry through the bid that a Monopolies Commission reference delayed, and the changed economic climate finally quashed, in 1974.

So much for the rumours. Taking the supposed targets in order, Capital and Counties describes the Union Corp placing story as "absolute nonsense," and cannot imagine how "the casino down the road" manages to think up such ideas. Union Corp, although it admits that the shareholding is not as close to its heart as its mainstream investment holdings, is feeling a little happier about the shares now that Capital and Counties is out of the terminal ward.

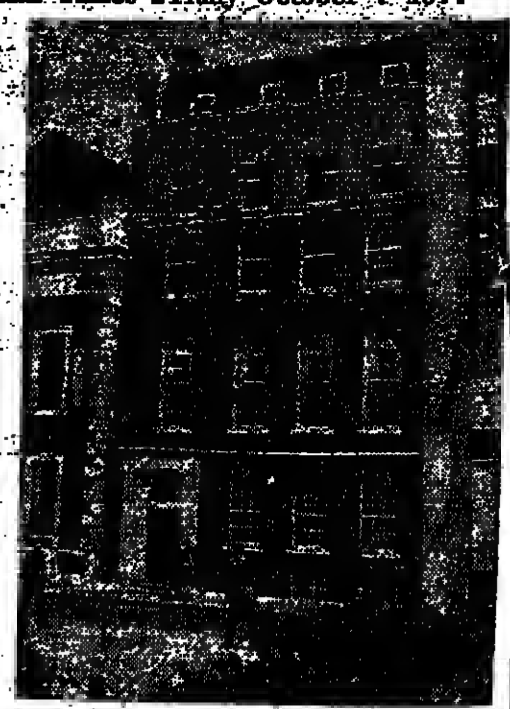
Allied London's advisers, Hill Samuel, dismiss the Eagle Star backing theory. And Sunley equally firmly dismiss the renewed bid theory.

Eagle Star investment manager Mr. Joseph Szeremeta put a final damper on the market's romances. "We are not" he says, "buying property shares."

Mr. Szeremeta explains that after the £55m. purchase of properties from English Property Corporation in May 1976 Eagle Star took a policy decision to continue to buy property, but no more shares in the sector. "Why would we want to buy a property company? There are too many headaches to sort out . . . we are not keen to attempt that."

As Eagle Star is already locked into Sunley and has stakes of 14 per cent in United Kingdom Property, 19.4 per cent. of Winston Estates, and its 14.8 per cent. holding in the residential property group Deajan Holdings, as well as 26.7 per cent. of the still troubled EPC, Mr. Szeremeta's unwillingness to get involved in further equity deals is understandable.

He would not be adverse to acquiring a clean portfolio or two. But he feels that "if our advice were sought we'd rather see a voluntary liquidation, it's preferable to a takeover."



The new and the old faces of prestige headquarters space in the City of London. On the right, London Life Association's early Georgian building at 80 Coleman Street, E.C.2 where letting agents Baker Harris Saunders, Fuller Horsey Sons and Cassell decided to market the 4,500 square feet of surplus space as three suites. Within three weeks an international consortium bank, Interactive Data Corporation and the Thai Bank of Ayudhya signed up to take the refurbished space at £14 a square foot.

On the left, Trafalgar House's 120 Fenchurch Street development, completed just over a year ago and now fully let. The last 5,325 square feet floor in the 45,000 square feet block has been taken as the London offices of the Guthrie Corporation. Trafalgar had been asking £17 a square foot for the block, which falls within that magic circle for rents—walking distance from Lloyd's—but is understood to have accepted around £16 with a small rent free period. American International Underwriters took the major part of the building at the turn of the year at a similar rent and, now that it is fully let, Trafalgar is no doubt sifting through institutional offers. Richard Ellis acted for Trafalgar and Herring Son and Daw advised Guthrie.

In brief . . .

● ICI's Pension Fund Securities is understood to have come out on top of an institutional scrabble for one of the largest industrial estate sites to come onto the London market for several years. ICI are tipped as Bernard Sunley Investment Trust's funding partners on a 10.5 acre site at 1000 North Circular Road.

NCR Limited has been using a 265,000 square foot disused biscuit factory on the site for storage. But planning consent for 413,000 square foot of warehousing inspired NCR to commission Bernard Thorpe and Partners to buy out the freehold from Town and City Properties. A subsequent wrangle over ownership with a sub-leaseholder proved an expensive delay. But now NCR, through the agents, have sold the site for £2.2m. and Sunley hope to start work on single storey warehousing before the end of the year, detailed planning permission permitting. Thorpe, and Shepherds, who acted for the purchasers, are retained as joint letting agents.

● More street break-ups are on the way. After the offer of the 51-house Clarricarde Gardens for sale by tender, Chestertons are expected to have another Kensington street up for sale within the next few weeks. Inquiries about Clarricarde, which is on the market until October 27, confirm that bank finance is again willing to fund break-up operations.

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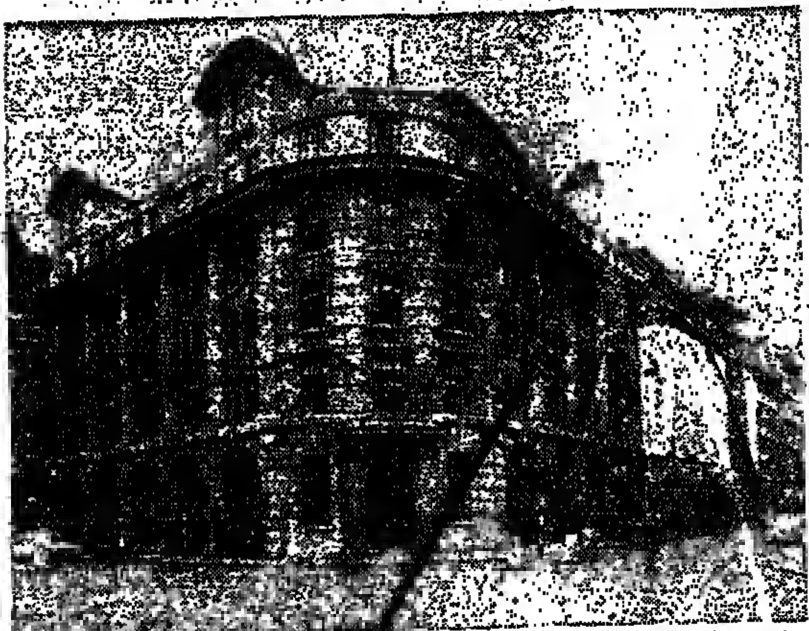

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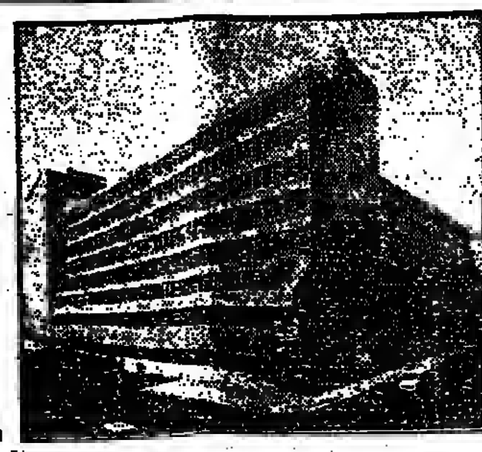

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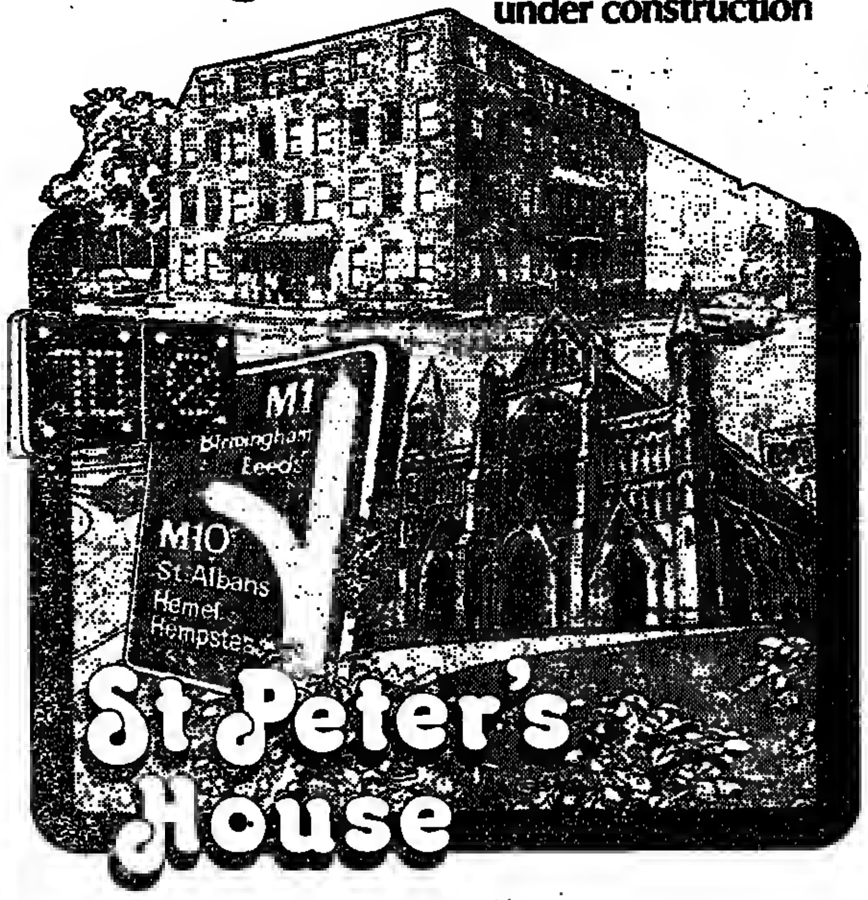

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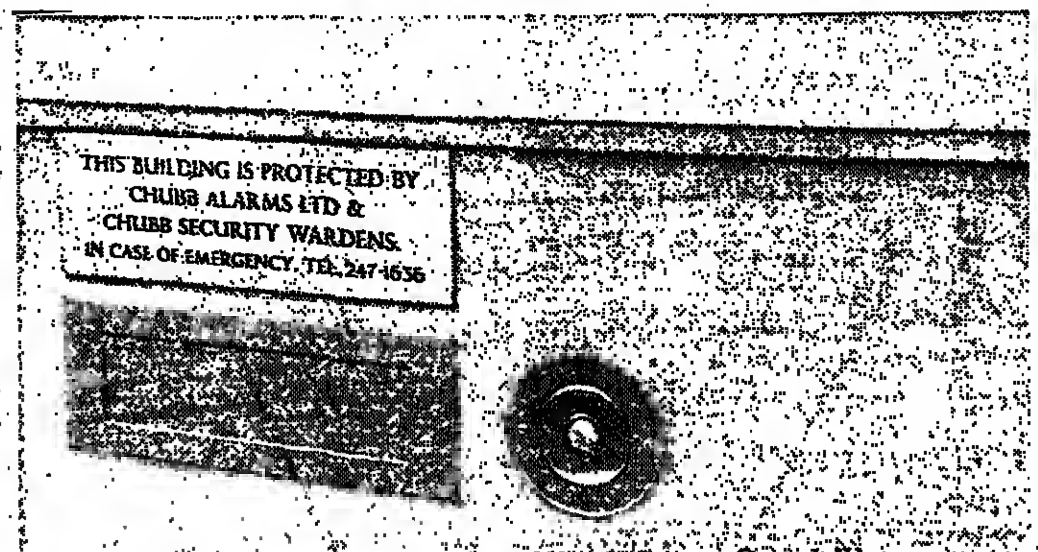

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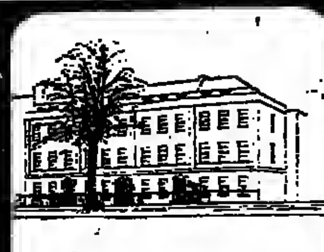
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NORTH SEA ENERGY REVIEW

BY KEVIN DONE

The deal that was too good

TUCKED AWAY among the supplementary data of the Department of Energy's latest bulletin on Energy Trends was the stark fact that the average price of gas supplied to large industrial customers had shot up by some 60 per cent. in the 12 months to the end of June. This massive jump has been caused by the number of contracts that have come up for renewal over the year and which have been renegotiated by British Gas at far higher prices.

Figures for the average price paid by industry for gas can, of course, be misleading, because a small number of large contracts can cause a huge distortion. According to the Department of Energy's provisional figures the average price of gas to industry in the second quarter of the year was 9.11p a therm, but this is far below the minimum price that British Gas has now set for all its contract negotiations with big customers.

The corporation's general policy is to try to bring contracts to a level where customers are broadly paying the equivalent price of alternative fuels, normally in the form of gas oil, or liquid petroleum gas. But whatever its success with the bulk of its customers, the corporation's efforts are overshadowed by one single contract entered into long ago in 1969 with Imperial Chemical Industries. It was the biggest and the longest contract that the corporation has ever concluded and its effects have been far-reaching.

When ICI signed the contract to take about 900m. therms a year for 15 years the initial price was set at 4 old pence or 1.6p per therm. The major use of the gas was as feedstock for ICI's expanding ammonia plants, which in turn supply the crucial feedstock for much of the nitrogen fertilisers manufactured in the U.K. At the time British Gas was ecstatic about the contract. It was still in the early stages of absorbing growing quantities of natural gas from the southern fields of the North Sea. Within ICI there were some doubts at the time whether the price might be too high. The new supply of natural gas involved it in a major switch away from naphtha, one of the lighter fractions of petroleum, replacing a naphtha consumption of more than 1m. tons a year. For its part, the Gas Council harboured no misgivings.

Neither party could have been more wrong. The five-fold increase of the price of oil forced through by the OPEC countries in 1973-74 left ICI with one of the biggest bargains of the century. It left British Gas with a massive contract growing less viable by the month and, most important, it gave ICI an unlooked-for stranglehold on the British fertiliser market, which has forced some competitors out of business, has pushed others into loss or a position of no more than marginal profitability, and has caused major investments by other companies in the field to be shelved indefinitely.

Ammonia

For more than two years the fertiliser industry has been lobbying the Government to take action which could go some way towards correcting the great market distortion created. The degree of difficulty that has been faced by ICI's competitors is shown by the current world price of ammonia, which stands between £68 and £80 a tonne for European contracts. Industry estimates during the summer suggested that ICI was charging its own operations about £30 a tonne.

ICI, along with its subsidiaries, dominates the fertiliser market with a share in the region of 50 per cent., and its competitors are left with little alternative except to match its prices. But unlike ICI, with its captive source of ammonia based on a feedstock price fixed before the Arab oil embargo, they are by and large forced to buy ammonia at world prices. Fisons is to some extent cushioned because it has a long term contract with ICI for the supply of something over 50 per cent. of its ammonia. But that contract runs out in 1981/2. The rest of Fison's ammonia must be purchased at the world market price.

Progress

Pressure has been growing rapidly on ICI and British Gas to renegotiate their contract, and after months of discussions, it now appears that the two parties are finally making progress. An announcement is expected in the next two to three weeks and if its causes ICI to raise its fertiliser prices (at present held down by margin controls) to something nearer present European levels, both the industry and the Government will breathe a sigh of relief.

When news of the contract price was first announced in 1969 the Gas Council expressed the belief that "there is provision in the agreement for escalation in later years." That belief has been rudely shattered. The price has crept up slightly in the last eight years, but the increase has been insignificant. The contract was signed at 1.6p per therm, but if the two sides were starting from scratch again in 1977 the price would be nearer 18p per therm.

Earlier this year the Gas Corporation went to arbitration to try to invoke a hardship clause in the contract, but the decision went against it and only served to strengthen ICI's hand. British Gas has argued that the marginal increase it has obtained over the last eight years was less than the rise of the cost of southern North Sea gas supplies. Moreover the cost of its supplies has increased considerably and will rise even faster once supplies from the northern North Sea fields—like Frigg and Brent—begin to flow.

After the arbitration award the two sides did not give up negotiations, but the going has been understandably tough: every 1p per therm extra would add £10m. a year to ICI's gas bill. But why should ICI renegotiate at all, having a perfectly fair and legal commercial contract, which for reasons beyond its control has shown a level of profitability beyond ICI's wildest dreams? The company would argue that the gas contract has been used by other fertiliser manufacturers as a justification for their own financial difficulties and as a general excuse for the industry's problems, when in fact the reasons for its competitors' general lack of profitability lie much nearer home.

ICI can point to the fact that British fertiliser manufacturers are not alone in Europe in the problems they face. Many continental fertiliser concerns have made losses in the last two years. And it can also show a long record of investment in new capacity that has given it modern plants and has made it the largest ammonia producer in the world.

But the pressures to renegotiate appear to have proved irresistible. The Government has said all along that it considers the problem to be a commercial one between British Gas and ICI, but it has also made it plain that it wishes to see more than one fertiliser manufacturer and more than one ammonia manufacturer in Britain. It has placed its hopes on the two parties agreeing on a new gas price that will allow other manufacturers to stay in business.

Increase

In the background there has been discreet talk of the Monopolies Commission taking an interest if more fertiliser producers are forced out of business, and the Department of Industry has drawn up contingency plans for creating an ammonia pool to serve the whole of the industry if ICI insists on sticking to its contract. Discussions have been held recently between the company and the Government, and at various stages in the last two years the controversy has gone as far as Secretary of State for Industry, Mr. Eric Varley.

At a time when it is still battling to bring down the level of inflation, the Government, ironically, is a party to attempts to raise the prices of fertilisers by at least 30 per cent. (to bring them more in line with those in the rest of Europe), an increase which will be passed straight on to the farmer and thence into food prices.

If the threat of Government intervention was not enough to bring ICI to the negotiating table, the question of natural gas supplies after 1984, when the contract runs out, certainly was. The likely outcome of negotiations is that ICI will concede a higher gas price for an extension of its contract, possibly with some clause that will index-link the new price to the price of oil. The cost per therm is unlikely to be anywhere near what ICI would have to start at with a straight contract renewal, but to the Government's relief it could allow UKF, the only other ammonia producer in the country, to go ahead with £65m.-worth of investment in fertiliser and ammonia plants at Ince in Cheshire, which have been frozen by the UKF Board for the past two to three years.

Total consumption of ammonia in the U.K. is now about 1.8m. tons, with about 70 per cent. going to agriculture and the balance to industrial chemicals. Consumption is expected to rise to 2.3m. tons by the early 1980s and UKF is predicting that there will be a deficit by 1980-81 of some 330,000 tons that will have to be met by imports unless another plant is built in the U.K.

Since its own long-term contract with British Gas ran out it has been forced to get by on an interim price, which allows it to continue in ammonia production from its present plant, but which in no way forms the basis for making an investment in new capacity.

The market distortion created by ICI's contract has raised fundamental questions. Should North Sea gas only be aimed at premium markets as is currently the case, or should it be used flexibly as a way of encouraging industrial investment? Should the future of important sectors of British industry be left to the mercy of pricing as arranged by British Gas, and what should be the balance between extracting the maximum price for North Sea gas as a premium fuel and allowing more imports into the country because sectors of industry cannot compete?

By leaving the contract discussions to the commercial arena of British Gas and ICI, the Government has for the moment dodged such issues, but it will face them again as it tries to persuade a reluctant chemicals industry to accelerate petrochemical investment based on North Sea feedstocks.

Competitors

If in the meantime ICI agrees to pay a higher price for its gas and substantially raises its fertiliser prices, it will not be a moment too soon for its competitors. One of them, Thames Nitrogen, has already ceased business. Others, such as Albright and Wilson, have made losses on their fertiliser operations, while yet others, such as Fisons, have seen profits fall dramatically. As Mr. John Kerridge, chairman of Fisons' fertiliser division, has observed: "No other fertiliser manufacturer can live with this market disparity until the early 1980s. I seriously doubt that we would continue into the 1980s in fertilisers if the situation does not change. It is the magnitude of the difference that is so frightening. People will go tumbling out of business if the gap is not made up."

ICI: 15 YEAR INVESTMENT IN FERTILISER PRODUCTION

Type of plants	Location and number	Annual Capacity (aggregate)
Ammonia plants	Billingham (4) Severnside (1) Immingham (1)	over 1.5m. tonnes
Nitric acid plants	Billingham (4) Severnside (2) Scotland (2) Belfast (1)	over 1.33m. tonnes
Ammonium nitrate	Billingham (2) Severnside (1)	over 1.25m. tonnes
Compound fertiliser plant extension	Belfast	
Urea plant	Billingham	over 0.5m. tonnes

TOTAL COST £140m. (UNADJUSTED FOR INFLATION)

Source: ICI

FUEL COSTS TO BRITISH INDUSTRY

Delivered to large industrial consumers

	Coal	Heavy fuel oil	Gas oil	Gas	Electricity
	£/ton	£/ton	£/ton	p/therm	p/KWh
1974					
4th qtr.	11.8	33.4	51.6	3.44	1.095
1975					
1st qtr.	13.3	38.8	55.0	3.65	1.179
2nd qtr.	15.1	38.2	54.2	4.15	1.178
3rd qtr.	14.9	37.5	50.7	4.43	1.249
4th qtr.	15.6	38.7	53.9	4.84	1.354
1976					
1st qtr.	17.4	42.1	64.0	5.73	1.453
2nd qtr.	17.8	41.5	62.0	5.72	1.447
3rd qtr.	18.0	43.1	61.7	6.74	1.461
4th qtr.	19.4	47.9	68.2	7.58	1.592
1977					
1st qtr.	20.3	54.2	77.3	8.58	1.714
2nd qtr.	21.5	56.9	80.7	9.11	1.656

Source: Dept. of Energy

THE LABOUR PARTY AT BRIGHTON

Rhodesian freedom fighters backed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DELEGATES AT the Labour Party conference yesterday defied the wishes of the Government and the National Executive Committee and approved by a fairly narrow margin a resolution calling on Britain to give material and moral support to freedom fighters in Rhodesia.

The vote—carried on a show of hands—came despite a strong appeal from Dr. David Owen, Foreign Secretary, who said he now hoped that negotiations on a Rhodesian ceasefire could start within weeks.

Dr. Owen reiterated his statement, made earlier in the week, that Rhodesian independence and a free Zimbabwe in 1978 was "within our grasp." He argued strongly that the way forward lay in a peaceful solution and not through violence.

The conference also approved a national executive statement urging the Government to exert maximum pressure on South Africa, directly and through the EEC and the UN, to grant basic human and democratic rights.

The Foreign Secretary agreed that there must be steady and dramatic pressure on South Africa but warned that if Britain went too far in this direction, it could be counter-productive and drive white South Africans to desperation.

Proposing the resolution on support for freedom fighters, Mr. David Daniel, of Dewsbury, explained that this would include such things as military training and medical and educational aid.

Positive

"We wish the Government initiative every success. But we feel that the world should know that if that initiative fails, we, as a movement, support this resolution," he said.

The motion, which the NEC asked the conference to shelve, called for the Government to play a more positive role in Rhodesia and to increase aid to the neighbouring black States to help them "repulse attacks from the white minority-ruled States."

Dr. Owen told the conference that the situation in southern Africa presented the greatest challenge to human rights. But the British Government was not soft pedalling. It had taken a stronger stand on these issues than any other country and any previous Labour Government.

"Independence for Rhodesia in 1978 and a free Zimbabwe in 1978 is within our grasp," he said.

"It is going to be difficult to achieve. I don't underestimate the difficulties." At the same time, there should be no doubt about our commitment and our resolution on achieving equal rights for black and white Rhodesians.

The General Secretary of the UN had appointed a representative, as called for in the British plan, who would be entering into negotiations with the British Resident Commissioner. "I hope we can get ceasefire negotiations starting within weeks," he added.

[Lt.-Gen. Prem Chand, the new UN special representative for Rhodesia is expected in London towards the end of next week to meet Lord Carver, the British Resident Commissioner designate for Rhodesia, and work out their programme for ceasefire talks.]

Dr. Owen said it would be for the people of Zimbabwe to elect their own president. There should be a fair election and an atmosphere in which such an election could be held. Britain would help the economy of Zimbabwe and do all in her power to make it a non-racial State.

That was the prize within our grasp and the Government would be resolute and tough in pursuing it. There had been rapid progress in the past few months and we were now seeing the prospect of majority rule.

The Foreign Secretary thought that the republic of South Africa presented the hardest problem of all. It was easy to indulge in rhetoric but hard to get changes.

These changes should come about by peaceful means and not through the barrel of a gun. We could only do this by pressure so that neither side was driven to desperation.

"We could easily drive white South Africans to desperation and we could easily precipitate a far worse regime than the one that exists in South Africa today," he said.

The message should go out from the conference that Britain would stand firm. We would fight for peaceful change to ensure that freedom and democracy came to southern Africa.

A tougher line was taken by Mr. Frank Hooley, MP for Sheffield Heeley. There were cheers when he declared: "The Government's diplomatic approach and friendly conversations over South Africa are not good enough. We have to kick the South Africans where it hurts their pockets and hurts their economy."

Replying for the NEC, Mr. Alex Kitson of the Transport and General Workers' Union advocated the policies laid down in "Labour's Programme '76." These called for an end to further investment by British companies in South Africa and the possibility of nationalised industries withdrawing their investments there. This, said Mr. Kitson, could only be done by introducing penalties.

But he called on delegates to remit the resolution on aid to freedom fighters because, he said, it could prove harmful at a time when the Government was involved in delicate negotiations in the area.

"If the negotiations fail, then we would commit ourselves to the liberation struggle," he said.

Mr. Merlyn Rees, Home Secretary, explains the problems in changing the Public Order Act.

Hattersley defends high level of public spending

BY RICHARD EVANS, LOBBY EDITOR

IN A REASONED defence of a high level of public spending, Mr. Roy Hattersley, Prices Secretary, yesterday refuted the argument that increases in public expenditure meant a reduction in personal choice and freedom.

In the Fabian Society lecture at the Labour Party conference—one of the most important fringe meetings—Mr. Hattersley said that within the economy he wanted to build, the State would spend a high proportion of the gross national product.

"But the idea that freedom is, as a result, reduced or that choice is, in consequence, diminished, is simply absurd," he declared.

The creation of a health service, the provision of universal education, a national programme of pensions and unemployment benefits, and State subsidies to clear the slums, denied everyone the right to spend according to free choice the taxes used to finance such policies. But the process was, by any reasonable definition, an extension of freedom for the country as a whole.

Mr. Hattersley stressed that he was not launching an attempt to dissociate himself from the Cabinet's decision to revise public expenditure targets in December last year at the instigation of the International Monetary Fund. He had been a party to those decisions which, in his view, had been "wholly undesirable, but wholly necessary."

His fear was that the economic success of the December measures and the consequent improvement in Labour's political fortunes would encourage the belief that the measures were right and desirable in themselves.

"It is simple common sense to relate public expenditure to economic reality. But it is simple superstition to argue that high levels of public expenditure are always damaging or that the lower the proportion of gross domestic product spent by the Government, the healthier the economy.

"What was necessary in December, 1976, must not come to be regarded as what is automatically desirable next year or the year after. That is simply wrong on the evidence," Mr. Hattersley insisted.

Levels of public expenditure did not, in themselves, make the difference between prosperity and ruin. What mattered was how the public expenditure was financed and managed.

"I believe that Socialism is about equality and public expenditure is one weapon in the long campaign for its achievement. It has two tasks to perform—the equalisation of incomes by transfer payments and the alleviation of poverty and deprivation."

Mr. Hattersley sought to refute three arguments that were commonly employed against high levels of public spending—that it was practised by reckless and profligate Governments; that it was a direct detriment to the industrious and the thrifty whose savings it eroded; and that it provided needless benefits to the feckless and work-shy which they neither earned nor deserved.

NEC gets go-ahead to prepare MPs' re-selection plans

BY RICHARD EVANS, LOBBY EDITOR

THE LABOUR Party's national executive committee was given the go-ahead yesterday to prepare proposals for all the party's MPs to face automatic re-selection in each Parliament.

Many Labour leaders, including Mr. Callaghan, are deeply unhappy about the scheme which has been advocated by the Left wing for several years.

Moderates will now try to ensure that the proposals, which come forward at next year's party conference, contain effective safeguards protecting MPs from a small group of opponents within a local party.

The conference agreed by 4,858,000 votes to 1,560,000 in private session to remit a resolution, calling for automatic re-selection to the NEC, to allow the proposals to be drawn up.

The effect of the decision is that there is in practice no chance of re-selection procedures being adopted before the next election as many Left wingers desired.

The Prime Minister made his views known in an interview on BBC television last night when he argued that the draft proposals were defective in three or four ways.

Mr. Callaghan claimed that the effect of remitting the resolution was equivalent to rejection but this is not a generally accepted view. With its Left wing majority, the NEC is expected to bring forward firm proposals next year enshrining automatic re-selection.

In Mr. Callaghan's opinion, the best remedy to meet the problem of local parties being taken over by small groups was to expand membership considerably.

Speaking for the NEC, Mr. Ian Mikardo admitted that the draft proposals needed to be reconsidered because although they referred to re-selection procedures being implemented within 42 months of an election, there was nothing to stop a local party submitting its MP to re-selection after only one month.

The conference also agreed overwhelmingly to accept the principle of State aid to political parties.

Although this does not necessarily mean that Labour will back the proposals, put forward last year by the Houghton Committee, these have been rejected by the Conservatives and stand virtually no chance of being implemented.

Rees pressed on powers to check National Front

BY JOHN HUNT

THE GOVERNMENT is considering the possibility of changing the Public Order Act in order to prevent violent clashes involving the National Front, Mr. Merlyn Rees, Home Secretary, confirmed when he spoke during the conference debate on racialism.

But he emphasised that the weapon the Government would use in the short term would be recent amendments to the Race Relations Act, which came into force in June.

These make it an offence to publish or distribute written material which is threatening, abusive or insulting or to use, at a public meeting, threatening or abusive words, which are likely to stir up racial hatred.

Mr. Rees believes that use of these powers could prevent the kind of street violence that occurred at Lewisham and at the Ladywood, Birmingham, by-election. Revision of the 1936 Public Order Act is seen as a longer term possibility.

Mr. Rees, like so many of the speakers in the debate, considers the Public Order Act to be a blunt weapon as it can only be triggered by the local Chief Constable and then applies to all marches in the area.

He warned that revision of the Act could rebound on the Labour movement and might allow a future Home Secretary to ban marches in which Labour wished to participate.

The conference passed a resolution stating that immediate steps should be taken to amend the Public Order Act and allow the Home Secretary to make a political decision to prevent confrontation situations being "set up" by the National Front.

Another motion approved by the conference criticised the harmful effects which the expenditure cuts were having on areas of high immigration and called on the Government to divert more resources for education and job creation in these areas.

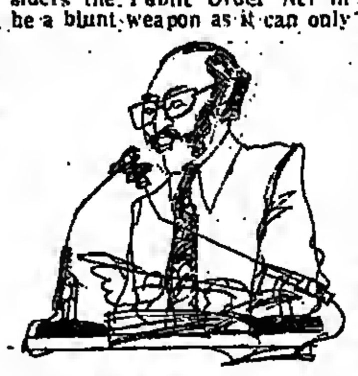
Mr. Rees told the conference that the Labour Government was on record as being firmly against discrimination and racialism. It had put the recent changes to the Race Relations Act on the Statute Book and was determined to use them, if necessary.

However, he had to deal with the situation as it was and not with how he would like it to be. The Public Order Act gave him no power to prevent marches. That was in the hands of the police.

The Home Secretary agreed that the Act was in need of revision. But there were a number of questions a Government had to get right, particularly the fact that if invoked, the present Act banned all marches in a given area.

He was also looking at the need to control meetings, and that was where the amendments to the Race Relations Act could be employed.

Mr. John Sever, MP for Ladywood, said that the Government and the Labour movement must make it clear that they were not prepared to tolerate racial violence. "We are not going to stand for it. We are not having any more."



Mr. Andy Hawkins

Mr. Andy Hawkins, leader of Lewisham Council, said that the streets of Lewisham had been turned into a bloody battleground because a National Front march had been allowed through an area where black people lived.

"Those present on that day have shock and horror seared into their memories as a result of what happened.

"Even if the National Front were to march through some areas of towns with gags in their mouths, that would still be an affront in itself. Their very presence in such areas is incitement to racial hatred. They must be curbed."

Mr. Ken Bagnall, Hazel Grove, Manchester, declared: "All racialist marches must be stopped by the Home Secretary in a conscious political decision."

But Mr. Richard Knight, Liverpool, Wavertree, warned that bans on marches had, in the past, been turned against the Labour movement. The 1936 Public Order Act, designed to deal with Fascists, had been used against

Mr. Bert Carless

the Labour movement but hardly ever against Fascists, he said.

Mr. Bert Carless, of Handsworth, argued that there should be no compromise on racialism. Some constituency Labour parties had been "pussy-footing" over the issue of race relations.

The party was now taking notice of the problems, but this should have been done years ago, he declared.

For the NEC, Mr. Ian Mikardo warned that if the National Front ever seized power, they would deport all coloured immigrants and then pick on other scapegoats—the Jews, the political Left and the trade unions.

"The bell would not toll merely for the immigrants. It would toll for all of us," he declared.

Attempts to restrict abortion law deplored by delegates

AN OVERWHELMING decision to campaign for free Health Service abortion on demand was made by delegates.

A motion, which had the backing of the national executive, stated that "every woman should have the right to choose whether or not to continue with an unwanted pregnancy."

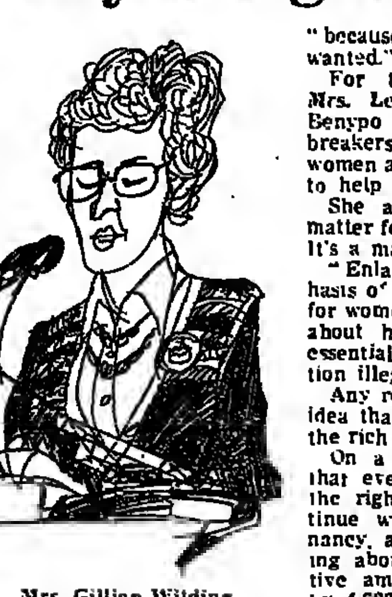
The motion deplored "behind the scene moves" by the Government to reach a compromise on Tory MP, Mr. William Benyon's Bill attempting to toughen existing laws.

It called on the party to defend the existing 1967 Abortion Act from restrictive amendments and to draw up proposals for legislation to ensure women's rights for choice on abortion.

The party should "campaign vigorously for the realisation of freely available abortion on request on the National Health service in all areas of the U.K." There should also be an educational campaign on family planning services.

Mrs. Gillian Wilding, of Hackney, attacked the anti-abortionists, who "did not have the right to impose their belief on all of us."

She said there were 50 Tory MPs waiting to put up a private Member's Bill to restrict abortion. "Leading members of our Cabinet, at this very moment, are discussing with them an agreed Bill to restrict the Abortion Act," she claimed.



Mrs. Gillian Wilding

Mrs. Mandy Moore, Berkenham, appealed to delegates "not to condemn women in the future to the horrors we left behind 10 years ago."

Dr. Roger Thomas, Carmarthen, said Mr. Benyon's attempt to reform the Act was an attempt to destroy it. "We have driven, for the time being, the back-street abortionist into the shadows, but they haven't gone away," he declared.

Mr. Stan Banting, Birmingham, who has two adopted children, said adoption could be part of the answer to unplanned babies "because they are not unwanted."

For the national executive, Mrs. Lena Jeger attacked the Benyon Bill which made law-breakers out of "desperate women and the doctors who tried to help them."

She added: "This is not a matter for the police and lawyers. It's a matter for conscience.

"Enlargement of choice is the basis of all human freedom, and for women the freedom of choice about her childbearing is the essential element. Making abortion illegal does not stop it."

Any restriction carried on the idea that there was one law for the rich and one for the poor.

On a card vote a resolution that every woman should have the right to choose not to continue with an unwanted pregnancy, and defending the existing abortion laws from restrictive amendment, was approved by 4,666,000 to 73,000.

A second resolution, mandating Labour MPs to vote against further restriction with threat of expulsion if they did not was rejected by 3,882,000 votes to 460,000.

Debates to-day

CONFERENCE debates to-day are:

Nuclear weapons; industrial investment; local government structure; NEC documents on international big business, and the arts and the people.

Socialist policies will stay, Mitterand says

BY MALCOLM RUTHERFORD

M. FRANCOIS MITTERAND, the French Socialist leader, made no concessions to his Communist allies when he addressed the Labour Party conference in Brighton yesterday.

M. Mitterand said that in the last few weeks the French Union of the Left, which groups the Communists and Socialists, had been going through a "grave crisis." But he insisted that there was no chance of the Socialists changing their policies.

He was warmly applauded by delegates when he said that within six years the Socialists had gone from a party in decline, with barely 10 per cent. of the vote, to become the largest party in France. He looked forward to the day when there would be "friendly co-operation" between the Socialist Governments of France and Britain.

M. Mitterand defended the formation of the alliance with the Communists and the establishment of their common programme. But, in a reference to the recent difficulties, he said that there was no point in agreeing to a second programme until there had been a chance to put the first into effect.

What the Communists were seeking was no longer a common programme but a Communist programme.

The French electorate, he argued, would remain faithful to the Socialists when it saw that the party was keeping its promises. As for the French Conservatives, they were rejoicing too early.

In a brief comment on Wednesday's debate on the Common Market, M. Mitterand said he believed the Labour Party had finished its battle.

"We need you and would like to feel you more and more in Europe. Without Britain, there would have been something missing, both for France and Europe."

M. Mitterand was obliged to address a closed session of the conference because flight delays upset the original schedule. A recording of his remarks was played to reporters afterwards. It suggested a happy and harmonious occasion.

Leaders of the AUEW at the conference. Left to right: Mr. John Boyd, general secretary; Mr. Bob Wright, assistant general secretary, and Mr. Hugh Scanlon, president.

Child benefits increase call

MAKING TAX cuts was not the best way to put more money into people's pockets or ensure that they were better off in work than drawing benefit, Mr. Frank Field, director of the Child Poverty Action Group, told a conference fringe meeting at Brighton.

He was commenting on reports that the Chancellor of the Exchequer is intending to make tax cuts this autumn.

"The most effective way of creating jobs by stimulating expenditure — and of making sure that men are better off in work—is to raise child benefit," he said.

"Indeed, the few families who are better off on benefit are those with children, not the childless as the Chancellor seems to believe.

"Now that child tax allowances are frozen with the phasing in of the child benefit scheme, the Chancellor is unable to concentrate help on working families with children through the tax system."

Over the past few years families, irrespective of their of income, had lost out in relation to other groups.

Building industry takeover proposed

BY IVOR OWEN, PARLIAMENTARY STAFF

A RESOLUTION demanding that the Government should provide an immediate injection of £1.1m. for the construction industry, was overwhelmingly approved by the conference.

So, too, was the NEC policy document advocating the establishment of a National Construction Corporation, based initially on a State takeover of "one or more major contractors."

Mr. Eric Heffer, MP for Liverpool Walton and executive spokesman in the debate, claimed that "step by step" extension of public ownership was the only way to overcome the crisis in the construction industry.

He criticised the Government for adding to the longstanding unemployment problems of the industry—16 per cent. of the 1.6m. now out of work were building workers—by public expenditure cuts.

While welcoming the indication given by the Prime Minister that the construction sector will be among the first to benefit from the new measures to stimulate the economy, he underlined the bitterness felt by unemployed building workers.

Amid cheers, Mr. Heffer declared: "We don't want words any more. We want action. If we are to win the next election, this unemployment has got to be brought down and brought down rapidly."

Mr. Heffer contended that the proposed National Construction Corporation, coupled with an extension of local authority direct works organisations, would enable public procurement to play an expanding role in providing a regular flow of work for the construction industry.

Action was also needed, he said, to end the over-reliance of the industry on casual labour. "We cannot constantly be the economic barometer with our workers being thrown out of work as a result of cuts in Government expenditure whenever there is a crisis."

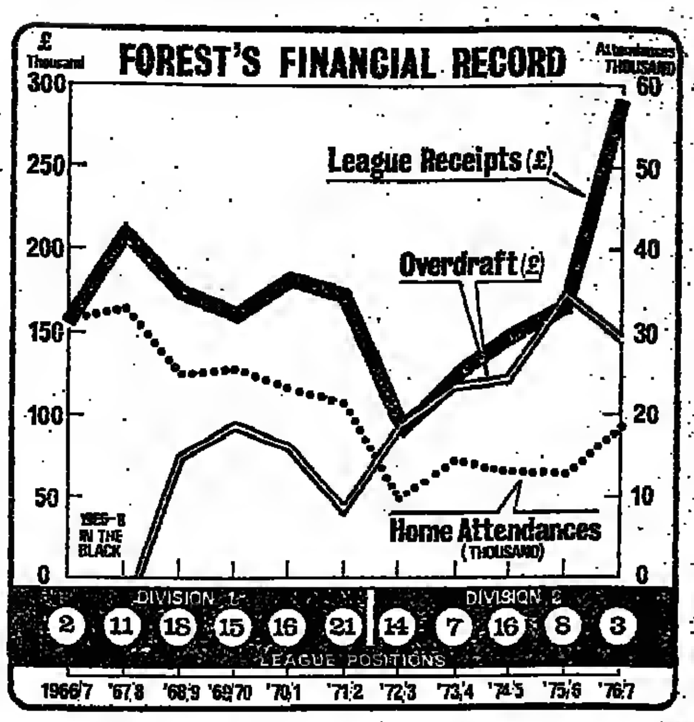
Mr. Danny Crawford, of the Union of Construction, Allied Trades and Technicians, who opened the debate, hoped that the new stimulus foreshadowed by the Prime Minister would prove to be the start of substantial new investment in the industry.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Christopher Lorenz revisits a childhood haunt—the City Ground, Nottingham—to illustrate why football is such a speculative industry

The see-saw business of soccer



THERE COULD hardly be a clearer illustration of soccer's see-saw risks and fortunes than this season's success of Nottingham Forest. In May, after five years in the Second Division wilderness, and when a sixth appeared all too likely, it just scraped back into Division One, as the third of three promoted clubs.

The hair's breadth promotion, caused by the 11th-hour faltering of other teams, instantly transformed the club's revenue-earning capacity, and therefore its borrowing power at the bank. It was able to increase spectator attendance prices for 1977-78 by up to 100 per cent., and even before the new season had begun in August, ticket bookings were worth virtually four times last year's level. Almost regardless of its performance on the field, the club confidently expected the extra attraction of matches against the best teams in the country to boost average attendances over the next nine months by more than half, to around the First Division average of about 28,000.

Just nine league matches later, the club is surpassing its wildest dreams—perhaps even those of its controversial manager, Brian Clough. Forest, as it is generally known, is riding high right at the top of the First Division, above the glamour clubs of Liverpool and Manchester City. Most important for its finances, average attendances are running above target—with the most attractive games still to come—and advertising revenue is soaring.

In spite of its extraordinary performance this season, and the reputation of the redoubtable Clough, Forest is in most ways a run-of-the-mill club. It has none of the traditional reputation and fame which hallow the names of Chelsea or Wolverhampton Wanderers, the other two teams which were promoted at the end of last season.

Far more than these or any of the other select "glamour clubs," Forest's main source of revenue—spectator attendance receipts—is hypersensitive to the success of its team on the field. In this, and many other respects, it presents a typical picture of what life is like for the majority of the 44 clubs in the top two divisions.

Since it was relegated from Division One in 1972, Forest has been through the gamut of soccer's business problems—with the notable exceptions of bribery scandals and imminent bankruptcy. A slump in results, attendances, revenue and players' morale created an almost closed circle of depression in which its few real "stars" deserted it; it had four managers in as many years; and its debts soared, in spite of an almost unbroken annual surplus in the transfer market.

All these are familiar characteristics of this uniquely volatile industry, which Brian Appleby, QC, Forest's chairman, describes as being "more closely allied to a gamble than any other business." Good financial and team management are crucial, he admits, "but they can merely influence the odds in your favour."

The most recent example of this process has been Forest's "expenditure" of £450,000 on new players in the past three months—more than its entire revenue for the whole of last year—in a bid to ensure that the club does not quickly sink back into the Second Division, as have so many newly promoted teams. These transfer fees are paid to the recipient club in instalments, often over a period as long as 15 months for six-figure signings, so that next year's season ticket revenue will be in hand before the final balance is paid; transfer income will also offset this expenditure to some extent.

Forest is also less ready than many other clubs to take extreme risks; Mr. Appelby insists that it "always budgets from the most pessimistic point of view." The fact remains that, when the recent purchases were approved (before the start of this season), there was the obvious risk that the club could be relegated again next May. By that time, attendances would have been diving back to below 20,000, leaving it with a sharply increased overdraft and re-entry to the downward spiral of failure.

Thanks to its success so far this season, it now looks as if Forest could stay near the top of the league, thereby gaining entry to next season's lucrative European competitions. And, as with every club each year, there is always the chance of a good run in the biggest British lottery of all, the FA Cup, which can transform an average club's finances in the space of a few months.

Forest's revival over the last 2½ years is primarily due to the team's playing success since the arrival in early 1975 of Brian Clough — who, by the way, has lost none of his old propensity for acid comment, whatever the national sports writers may say about his new-found "reticence."

But astute financial management has also played a crucial part in the revival. The most important single change has been the appointment of a commercial manager to bring in revenue from sources other than the matches themselves. Three years ago this "commercial revenue" (largely pools) amounted to less than 4 per cent. of the club's operating income; last season it was over 18 per cent.

Unlike many other clubs Forest's troubles in the last few years were not exacerbated by an idiosyncratic chairman, or cabal of directors who had a financial stranglehold. The only club in the entire football league not to be a limited company, Forest's policy-making group is a committee of nine men, each of them elected from the club's 200 members, and each with equal legal liability. Not only do none of them hold any shares, but the chairmanship rotates every three years to minimise the danger of someone dominating by sheer force of personality.

Committee members have occasionally put up short-term loans, usually on a group basis—most recently to the tune of £32,500 in 1970-71, according to the accounts—but Mr. Appleby says "you've got to be a very brave person to put a lot of money into this club—your tenure's not long!" This season's transfers are being financed by the bank.

This lack of finance from cash-happy directors may partly explain the club's relatively cautious line on capital spending. A second factor is that Forest, in common with a number of other clubs, does not own its ground. In return for paying only a peppercorn rent to Nottingham Corporation, use of the "City Ground" is limited to soccer. Forest could not even bring in extra revenue by allowing markets on its car park, as other clubs have, without breaking the arrangement. It does own several company houses and a training pitch, but this lies on swampy ground within the floodbank area of the River Trent, so it is a strictly limited asset.

So the property boom did little to increase Forest's collateral with the bank, as it did for so many other clubs—enabling them to inflate players' transfer fees and plunge into grandiose building projects, many of which have now become expensive millstones around their necks.

Paradoxically, however, it was the urgent need to rebuild its main stand which coincided with the start of Forest's slide down and out of the first division. During a game against Don Revie's Leeds team in 1968, the wooden stand caught fire and was destroyed. It was not fully insured for replacement by concrete and steel—Mr. Appleby says the insurers were unwilling to cover the risk to this extent—and the club has been paying off a net bill of £333,000 ever since, with costly bank financing in the meantime.

After just escaping relegation three years running, the team finally succumbed in 1972. Separately from the rebuilding account, a bank overdraft had been accumulating since 1968. Attendances plummeted by over half in the year after relegation and match receipts by 46 per cent., just as inflation was beginning to soar (see graph). The year end overdraft more than doubled in one fell swoop to £93,000, and a £78,000 profit was transformed into a £58,000 loss.

Things would have been much worse had Forest not made a profit of nearly £140,000 on the transfer market in 1972, largely through the sale of its main star to Manchester United. But Mr. Appleby and the club's secretary, Mr. Ken Smales, who has been at the City Ground since 1960, are emphatic that no player was sold for financial reasons, either in 1972 or during the ensuing years in the second division wilderness. Nor, according to the chairman, has the bank (National Westminster) ever asked them to sell a player.

One of the reasons for the players' dissatisfaction was that their earnings fell well behind inflation, thanks largely to a slump in their results-related bonuses as they sank towards and into the Second Division. With wages and salaries accounting for almost 60 per cent. of the club's expenditure, their stagnation between 1970 and 1974, and the subsequent marginal increase until last year's successful season, played an important part in holding the overdraft within reasonable bounds.

That the wages bill could not be cut further was due to the leanness of the staff—both playing and administrative—before the depression struck. True, one of the four teams was axed after relegation, but this only reduced the professional playing staff by four.

The other 40 per cent. of current costs are largely fixed, Ken Smales ruefully points out—though by 1975 the pressure was such that players' overnight stays for away fixtures had to be cut and there were economies on the donation of complimentary tickets. Forest seems to have been leaner even in the good old days than some of the better-known clubs, which have laid much weight on reducing electricity consumption, or even demanding that players do their own laundry.

The financial position was also helped year after year by a net surplus in the transfer market, though this represented a gradual rundown in the quality of the players, boding ill for the future. Another necessity of life outside the First Division was that, apart from necessary maintenance, building projects had to stop.

On the positive side, but of a totally haphazard nature, was income from knock-out competitions, especially the FA Cup. The relegation year of 1972 also saw early death in the Cup, and paltry receipts of £2,000. Just two years later, a successful Cup run brought in £42,000, equivalent to over a third of that year's League games combined.

In spite of all these mitigating circumstances, the overdraft continued to mount, as the graph shows. It may be exaggeration to say, as Brian Clough does, that Forest was "on the verge of bankruptcy" when, in January 1975, he was brought in to replace the previous manager after little more than a year's tenure. But the club was certainly "on a slippery slope," to quote an accountant on the committee, both financially and in terms of everyone's morale.

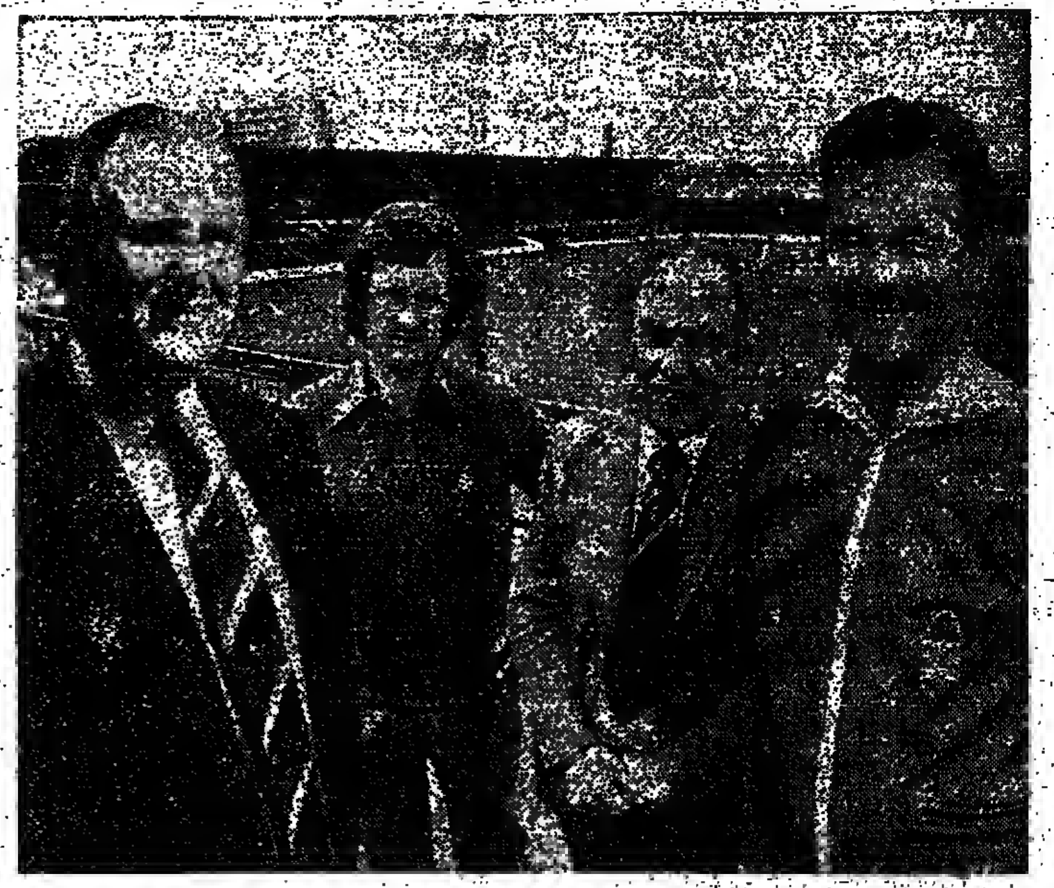
The arrival of a manager with such good credentials—due especially to his success at the helm of neighbouring Derby County — gave an immediate boost to morale at the City Ground.

Many people, in Nottingham and elsewhere, would echo Brian Appleby's view that "this man has a magical quality which inspires people"—he was the British public's choice for the England managership this summer, though someone else was called in on a caretaker basis. But the response to a public appeal for loan funds to buy new players, launched within three months of his arrival by Club members, was disappointing: only 39 people responded quickly—with less than £6,000—and the appeal finally brought in only £9,800.

With the help of the bank, however, money was found to buy several of Brian Clough's former Derby players. With equally experienced recruits from other clubs, plus the cream of Nottingham's youth, Forest soared from 16th to eighth position in the first full season after his arrival, following it up with last season's nerve-wracking climb back to Division One—achieved with the help of his old Derby deputy, Peter Taylor.

Until Clough began to splash out this July, the low purchase cost of his team contrasted with many far less successful clubs. Of the 11 players who formed the regular squad early this year, seven cost less than £10,000 each (many of them nothing at all), and the other four between £40,000 and £60,000 each. The values of the three players bought since July illustrates how First Division membership has raised the stakes: £150,000, £270,000 (a record fee for a goalkeeper), and approximately £100,000 (composed of £20,000 and a player in part exchange).

Even before Forest bought these top-class players, and the team began earning extra bonuses for its good First Division start, the very fact that it was now in the top division forced it to increase wages, by about 40 per cent. Another item of increased expenditure has been on building work, but of little consequence in comparison with the practice or plans of other clubs.



Forest's key men: From left, Brian Appleby, chairman; John Carter, commercial manager; Ken Smales, secretary; Brian Clough, manager.

Against this background, and the expected more than doubling of league match revenue—to at least £650,000—the bank's willingness to finance the purchase of expensive players is not surprising. If Forest's current success continues, the *overdraft could start falling far earlier than anyone had hoped.*

Asked whether he approves of the way Brian Clough is prepared to berate his players publicly, in the local Press, Appleby's reply is "take his abrasive style, and look at the results at the clubs he's managed, and the loyalties he inspires!"

As well as improving Forest's footballing prowess, and therefore its attendances and finances, Clough's reputation has boosted the club's "commercial" revenue (see graph). The possibility that he may still be called to take over permanent managership of the England team is just another reminder at the City Ground of soccer's precarious fortunes.

Whatever the length of Clough's tenure, Forest—like almost every other football club—will continue to rely on the willingness of its bankers to provide risk capital, and, if results take a turn for the worse, to postpone the repayment of loans for months or even years. There must be thousands of small businesses which would give their eye teeth for equally indulgent treatment.

Tapping new commercial sources

THE DECISION to upgrade the club's commercial activities was taken the year before Brian Clough joined. Though Coventry had pointed the way to this important source of extra revenue nearly a decade earlier, Forest was by no means the last of the top 44 clubs to take the plunge.

From an almost standing start in 1974-75—with a revenue of only £7,800—it pulled in £74,000 last season and should easily top £100,000 in the current year. This effort has been directed by John Carter, who was brought in as Commercial Manager from Southampton, but learned his trade under the ubiquitous Jimmy Hill at Coventry.

The weekly pools competition, including lucky numbers and bingo games, is the commercial department's most important item, bringing in nearly 90 per cent. of its revenue last year: the £64,000 income was higher than the pools "take" of many a first division club, according to Carter.

The dramatic effect of re-entry to the First Division has been in the areas of sponsorship and ground advertising. To the outsider, sponsorship income in particular seems surprisingly low. Forest may suffer from being on the doorstep of two major sport-minded companies—John Player and Raleigh—which seem interested in nationwide, rather than local, publicity. But a new deal with the area's main Toyota dealer will help double sponsorship income this year to about £10,000, Carter thinks.

Unlike Derby, Forest did not have a deal in the pipeline when the League recently approved advertising on players' shirts. In any case, this will only become a major source of revenue to football clubs when the ban on such advertising when games are televised is removed. On the other hand, the prospect of much more TV coverage now Forest is in Division One may boost advertising on the City ground itself by as much as five times this season, to about £20,000. Success in next year's European competitions would add a new dimension to advertising, and perhaps sponsorship as well.

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Another ACAS dispute

THE U.K. Association of Professional Engineers reacted with predictable indignation yesterday to the decision of ACAS, the Advisory, Conciliation and Arbitration Service, to make no recommendation in respect of its application for recognition by the engineering company, W. H. Allen Sons and Co. Ltd. In contrast to the Grunwick case, in which the Court of Appeal found that ACAS had been wrong to consult only part of the workforce about their willingness to be represented by the union claiming recognition, its testing of opinion of workers at W. H. Allen was not confined to those covered by UKAPE's claim. Certainly 79 per cent. of these replied that they wished to be represented by UKAPE: even more significantly, however, 35 per cent. of all the company's technical staff gave the same answer—slightly more than the number voting for the runner-up, with the rest of the field far behind.

ACAS's decision to ignore the wishes of the workers concerned, while admitting that this is always an important factor in its thinking, is bound to stir up more controversy about its terms of reference and the way in which it is carrying them out. The Employment Protection Act lays down that it is to promote the improvement of industrial relations, particularly through encouraging the spread of collective bargaining, its development and reform.

Fragmentation

In the Allen case, accordingly, ACAS felt obliged to take account of the views not only of the workers concerned but of the company, the employers' federation to which it belongs, and the Confederation of Shipbuilding and Engineering Unions with which it has established procedural agreements. The employers and the established unions, clearly very aware of the potential precedent involved in what was intended by UKAPE to be a test case, felt strongly that the recognition of the latter would reverse the move away from fragmentation in the engineering industry and make orderly collective bargaining more difficult. It appears to have been their concerted opposition to UKAPE recognition as well as the force of their arguments which persuaded ACAS to turn down the latter's application.

Since ACAS has been accused by employers in the past of accepting union applications too easily and so encouraging fragmentation, it might be said that this decision represents a welcome change of direction. On the other hand, it has also been accused of paying too much regard to the views of large or established unions, and UKAPE had argued during the course of the inquiry that the company refused them recognition for fear of objections from other unions. In the background, moreover, stands the not unimportant fact that UKAPE is not affiliated to the TUC. Apart from the consequent impossibility of leaving the matter to the TUC's own disputes procedure, this raises the whole vexed question of white-collar staff who wish to become organised and who is to represent them.

Grunwick appeal

UKAPE was talking yesterday about the possibility of an appeal to the courts—though the ACAS appeal to the Lords in the case of Grunwick, which begins to be heard in a month's time, may well influence its final decision. If ACAS loses its appeal, some unions will demand that it be given greater legal powers to enforce its findings, powers which it itself is by no means anxious to wield. If it wins it, on the other hand, the UKAPE decision can only reinforce a feeling that its powers are too vague and its terms of reference faulty. As its name suggests, ACAS is intended to settle a variety of difficult industrial issues by conciliatory methods: it has done so successfully in the great majority of cases: its general approach is supported, more or less, by all political parties. But if its terms of reference, especially on the issue of union recognition, are not clarified, Grunwick will certainly not be the last law case in which it is involved.

The value of a rising Yen

WHILE NO ONE likes currency movements for their own sake, the recent sharp rise of the Yen against the Dollar is a welcome one. It should moreover be seen in perspective. Although the Japanese currency has broken through the barrier of 260 to the dollar, it is still around the level of mid-1973, just before the oil crisis. Between 1970 and 1973 the Yen rose by well over 20 per cent. against the average of world currencies. But the oil price rise hit the Japanese economy particularly severely and the Yen has only now recovered the ground then lost. Part of the Japanese crime in the eyes of some Western governments is success in getting over the crisis and achieving a fast rate of growth of exports without benefit of domestic oil. The Japanese, however, are more conscious of problems than of achievements. Official calculations suggest that over a fifth of Japanese enterprises are not paying their way.

In the end the way in which the Japanese tackle their structural problems is their own affair. The legitimate interest of their trading partners is that Japan should not exert a contractionary pressure by piling up a large payments surplus. One way of preventing this is to reflate or inflate the domestic economy. The other is to choke off the surplus by letting the Yen rise. Other members of the IMF can legitimately ask Japan to do one or the other, but they can hardly prescribe which. The Japanese inflation rate is still 7 per cent., which a few years ago would have been a crisis rate in most countries; and so long as the surplus is dealt with by the appreciation route, the Tokyo government can hardly be expected to stimulate demand still further than it has already done.

Balance

Unfortunately there is no clear cut internationally agreed answer to what constitutes overseas balance for a country like Japan. The $13bn. estimate of the U.S. Treasury Secretary Mr. Michael Blumenthal, refers to the visible trade surplus. After allowing for the invisible deficit, the current surplus would be about $10bn., which is not out of line with performance in the first half of the year. Strictly speaking, there would be no net pressure on the reserves or overall payments position of other countries if this surplus were offset by a capital outflow. IMF reserve statistics suggest that most of it has. But although the Japanese authorities claim to be operating a clean float, there are ways of intervention which do not show up very quickly in the official reserve figures.

With so much protectionist sentiment rife in the world, it would be prudent for the Japanese to ensure that their float is seen to be clean by others. This means not merely confining official intervention to short-term smoothing operations. A country in a strong payments position has no business to be operating exchange controls—which have admittedly been relaxed recently—or to have any non-tariff barriers on imports. Moreover, as a political as distinct from economic reality, the Japanese ought probably to move nearer a current as well as an overall balance with the rest of the world, so that opponents of protection can demonstrate more clearly the two way nature of Japanese trade. The implication is that if the Japanese authorities intervene in the foreign exchange market at all, it should be to encourage rather than to discourage Yen appreciation.

Argument

There are also unnecessary obscurities in the official exposition of Japanese economic policy which do not do any good. There is, for instance, an internal argument about the meaning of Japanese GDP, which centres on the effect of the oil-induced deterioration in terms of trade on the international purchasing power of Japanese output. The CSO in the U.K. has prevented such a dog fight from developing here by publishing an index of the real national income, taking into account terms of trade effects, alongside the traditional GDP figures.

But whatever improvements and adjustments are made in Japanese economic management, the fact remains that some parts of some industries in North America and Europe are no longer competitive with their Japanese opposite numbers. No amount of tinkering with exchange rates, statistics or monetary and fiscal policy is likely to turn the clock back or avoid the need of a world wide adjustment to new patterns of demand and cost.

A step towards stabilising a volatile commodity

By JOHN EDWARDS, Commodities Editor

A SIGNIFICANT step towards world commodity price stabilisation should be taken to-day in Geneva with the conclusion of a new International Sugar Agreement. Sugar is one of the ten "core" commodities under the special UNCTAD integrated programme which is aimed at stabilising supplies and prices of raw materials, important to the economies of the developing countries. The programme is part of the general move by the poorer countries of the world to establish a new economic order under which they would receive a "fairer" and higher price for their raw material exports.

Sugar is produced all over the world but is of vital importance in the economies of some developing countries, notably the Caribbean and other Commonwealth countries.

The new International Sugar Agreement has an additional importance. It is being taken as a test of the sincerity of the rich nations, notably the U.S., in their declared intention to help the poorer countries by co-operating in establishing commodity price stabilisation pacts.

It has not been an easy agreement to negotiate, even though world sugar prices are well below the cost of production in even the most efficient producing countries, such as Australia and South Africa. The first negotiating conference, which lasted four weeks in April-May this year, had to be adjourned without agreement being reached partly because the U.S. delegates appeared to be badly briefed about the Carter Administration's attitude. At later talks in London between the major importing and exporting nations, the U.S. came forward with a new initiative that provided sufficient encouragement for the calling of another negotiating conference. This was due to end on September 30. However, a bitter row among the three main exporting countries—Australia, Brazil and Cuba—about the quotas assigned to them nearly wrecked the negotiations, as did a subsequent battle about the size of the quotas to be allocated during the first year of the Agreement, *after it comes into force* on January 1, 1978.

Final details have yet to be worked out. But the basic principles agreed in Geneva are that a "floor" and "ceiling" price range from 11 to 21 cents a lb will be established by the use of quotas restricting exports and by the creation of reserve, surplus stocks kept off the market until they are needed. The reserve stocks will be financed by a levy on exports, with financial assistance being provided to the poorer countries to help them pay the levy and storage costs.

In this way it is hoped not only to bring world prices up from the present depressed level of around 7 cents a lb, but also to prevent, or at least slow down, any major surge in prices above 21 cents a lb, should a shortage situation develop again as a result of crop failures or demand greatly exceeding production.

This sounds simple enough, but there are great complications to be overcome. First, it must be realised that the Agreement covers only a percentage of the international trade in sugar on the so-called "world market." This market does not include special agreements between the EEC and the African, Caribbean and Pacific countries under the Lomé Convention, and between Cuba and the Soviet Union. Also the "world market" does not include international trade within the Comecon countries, and within the European Community. So the price of sugar in the U.K., for example, is not affected. That is fixed under the EEC's Common Agricultural Policy.

In other words the world market consists of the residual supplies exported over and above these special trade and domestic arrangements. *These arrangements* already cover the bulk of the 90m. tonnes of sugar produced in the world each year.

Since the failure to renew the U.S. Sugar Act at the end of 1974, under which American imports were controlled by quota, the importance of the world market has grown. At present it has increased to about 16m. tonnes. The U.S. and Japan are the biggest importing countries, but the diversity of exporters can be judged by the fact that the largest export quota (to Cuba) is only 2.5m. tonnes.

First and foremost among the problems that the Agreement will have to overcome is the huge surplus of sugar within the EEC, which has still to make up its mind about whether or not to become a signatory. In contrast to the U.S., the attitude of the EEC in the sugar agreement negotiations has been markedly obstructive.

Initially the EEC delegation, at the insistence of the French, refused to contemplate any agreement which included export quota provisions, even though all the other countries had decided an agreement based on reserve stocks alone, as the EEC proposed would not be viable. Subsequently and at the insistence of the other Community members the French — much to the annoyance of their powerful sugar beet lobby — allowed the EEC line to be somewhat modified. It was agreed that the Community would be prepared to restrict its exports in "parallel" with export curbs introduced under the agreement. But it still insisted that the 1.3m. tonnes of cane sugar imported into the Community under the Lome Convention should be deducted when calculating any "cutbacks" in exports.

The French argument is that exports, aided by subsidies where necessary, are an integral part of the Common Agricultural Policy. Without this freedom to export it is highly likely that a large sugar mountain will build up in the EEC this year. This is because the expected sugar beet crop plus the 1.3m. tonnes of cane sugar imports, will produce nearly 3m. tonnes surplus to likely demand within the Community. Already the EEC has been exporting large quantities of sugar to the world market, with an export subsidy often larger than the price obtained for the sugar.

Developing countries argue that the EEC should discourage, instead of encouraging, sugar beet production so as to avoid the EEC having to dump costly surpluses on the world market undermining the prices received by cane producers. They feel that it is only a matter of time before the powerful European beet lobby manages to oust cane sugar imports from the Community market — bearing in mind that the EEC is now virtually self-sufficient.

Even Britain, which has a long-standing commitment to Commonwealth sugar countries, is promoting domestic beet production and rationalising the cane refining industry which still supplies over half of Britain's total requirements.

The merger last year between Tate and Lyle, and Manbre and Garton, was part of the general plan for cutting back the surplus cane refining capacity, aggravated by Britain's membership of the EEC.

The situation in the U.S. is far different. Even though domestic growers of both beet and cane sugar provide a large proportion of the total supplies needed, it is still the biggest sugar importer in the world and since the end of 1974 prices have fluctuated in accordance with the movements in the world sugar market. At the moment the U.S. has a strong vested interest in international agreements for sugar, and for grains, which it is also pushing for. President Carter has an important political commitment to provide higher prices to farmers, including sugar growers who have been promised a minimum guarantee of 13.5 cents a lb, estimated to be the lowest economical production cost in the U.S.

An international agreement raising the minimum import price to at least 11 cents will obviously be a great help in cutting the cost of providing U.S. domestic growers with the guaranteed minimum price *without* imposing a big import tariff that would be greatly resented by the supplying countries. The provisions of the recent U.S. farm bill included a "self-destruct" clause for sugar payments *if* an international agreement helps to lift prices to the 13.5 cents level.

In selling membership of the Sugar Agreement to Congress and the American public, the Carter Administration can point out that in addition to the considerable political advantages involved, the Agreement is not designed simply to lift prices but also to prevent them taking off again.

The sugar industry has, after all, a long history of wildly fluctuating prices, which the new Agreement will seek to smooth out into more acceptable and more predictable movements. The last Sugar Agreement, with price and export quota provisions, came into effect in January, 1968 after a period when heavy surpluses had forced world prices down to £12 a ton. This agreement came at a time when the cycle was turning and it helped to push prices quickly up to more than £30 and then above the agreement "ceiling" of £53 a ton before there was a chance of reserve, buffer stocks being built. Prices then continued upward to a peak of £650 a ton in November, 1974, when the agreement became defunct because it had no power to control the market owing to the shortage of supplies.

Since then the market has collapsed—falling to under £100 a tonne under the weight of a large surplus of supplies. This was partly caused by an expansion of production, aided by the absence of any major crop failures, and a sharp fall in consumption, as a result of the previous shortages and high prices. In the 1977-78 season it is estimated that world consumption at 85m. tonnes will be 4m. to 5m. tonnes short of output. Therefore huge surplus stocks already held will become even more burdensome without a stabilisation plan.

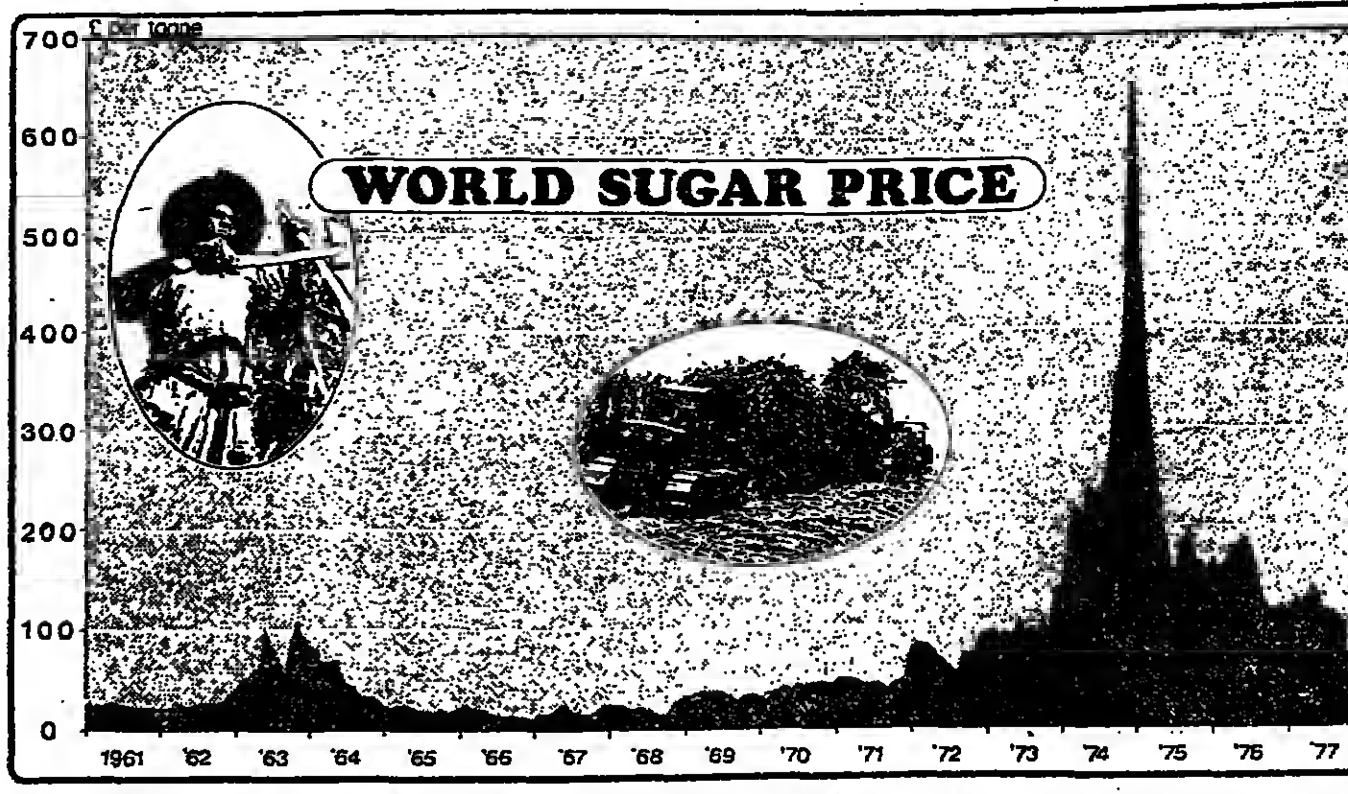
The alternative method of producers arranging long-term contracts at a fixed price with *major consumers* has suffered a disastrous setback with the row between Australia and Japan over a contract signed in 1974. This threatens to sour the whole trading relationship between the *two countries*.

It is obvious that international agreement offers the main, indeed the only, hope at present for coping with the very serious situation for sugar producers created by prices falling well below production costs. But consumers, too, should benefit in the long term if the cyclical price fluctuations of the past can be avoided in the future.

Increasing sugar consumption is synonymous with rising standards of living in many developing countries, where the main growth in demand will occur.

At the same time there is the permanent risk of some major crop failure that could quickly cut back the surplus of production, or even bring about a shortage earlier than forecast. However, the higher price levels established by a successful Agreement might open the doors for larger sales of the high fructose corn syrups which have already taken a big slice of the U.S. sweeteners market. In the European Community, the sugar "lobby" has persuaded the Commission to impose a punitive tax on these new syrups, effectively preventing their expansion. But in the U.S. it is forecast that a minimum sugar price of 13.5 cents will enable the corn syrup producers to resume their plans to capture something like 20 per cent. of the total market.

The difficulties, and disputes, involved in negotiating the new International Sugar Agreement suggest that it will not be easy to establish the agreement effectively for some time. Although world sugar prices have risen in London recently in anticipation of higher values to come the large surplus will not disappear overnight. Considerable co-operation between importing and exporting countries will also be required to make the Agreement work. Nevertheless, it is an important endeavour to bring stability to a commodity which is one of those most affected by political problems — domestic and international.



MEN AND MATTERS

Voila—a man in a crumpled suit

OU EST M. Mitterand?-That was the question exercising the minds of many at Brighton yesterday as the Labour conference awaited the man chosen to personify Labour's international links. Hanging around at a French airport and held up by labour troubles was the ironic answer.

When he did finally arrive he was dressed in a crumpled beige corduroy suit—to signify his respect for the British tradition of casualness, as a natty French correspondent told me. Conference was by then in one of its private sessions, but making a virtue out of necessity, he told the assembled delegates how cosy it was to be able *to speak to them sans presse.* Mitterand cheered them all with his concluding remarks, about he looked forward to a near future when socialists in government would be able to co-*operate with each other* in France and Britain.

"As I often tell my British, German and other socialist colleagues it is easier not to ally oneself with Communists if you don't have any," he observed. It was not his way to criticise other domestic parties and policies when he was out of France (a point not missed on delegates who recently criticised Mrs. Thatcher for doing just that on her American trip). But he went on, regardless, to chide his Communist allies for seeking to negotiate a second common programme before they had even had the chance to put the first one into effect.

"We suggest you settle for 10 per cent. bearing in mind PAYE could be worth another 10 per cent. to you.

Who is an ass?

Have you ever seen a man just made redundant, waving an unopened pay packet in a crowded pub and ordering "champagne all round" Well, you can see this scene soon in one of the Law Society's Commercials which ITV will start showing next week. "Make it half a bitter," the foolish fellow says when he opens the envelope and finds only £5 in it. Ruefully he confesses that he omitted to go to a solicitor —"Mr. Whatshisname" had told him it was not necessary. Apparently he also omitted to ask his boss about the amount he was going to receive and had never heard of trade unions either.

The 45-second commercials—and supporting publicity on the radio and in the newspapers—would seem to give the public the idea that they court disaster whenever they try to do anything without asking a solicitor first. The solicitors assembled at the Law Society's annual conference in Harrogate were told yesterday that £310,000—representing a £10 special levy on each of them — will be spent on a well-researched promotion for their services. But observers who have seen some of the TV commercials find them ponderously patronising.

They seem to prove only that while "Mr. Whatshisname" credits ordinary people with ordinary common sense, the Law Society thinks that they are a bunch of imbeciles.

Strong stuff

At the Co-op bank in the conference foyer the cashier took my cheque and handed over some rather *unfamiliar* currency. "Do you mind these? I'm afraid I've run out of our ones," she said. In fact, they were Scottish pound notes—and a bystander who turned out to be Anthony Howard, editor of the New Statesman, warned knowingly against accepting them. He should meet the cabbie who told me in London last week: "I always take all the Scottish pounds I'm offered. They'll be worth a lot when they get independence up there."

Symbolic features

President Giscard d'Estaing's "advanced liberal society" has found its symbol. The French leader has just made his choice of the face which will appear on the new one franc postage stamps to represent Marianne—the girl who epitomises France just as John Bull symbolises England.

The face is of one of the Sabine women, from an enormous canvas by the French Revolutionary painter Louis David, showing how the women —in classical undress—separated the Roman army from the troops of their own avenging menfolk. Judging by the bouncing infants being carried by these battlefield heroines, clearly some time had elapsed since the Romans raped the Sabine beauties and dragged them off.

Giscard's choice springs from his admiration for David's combination of revolutionary enthusiasm and neo-classicism—a skill he later used as the most brilliant propagandist of the Napoleonic Empire. The theme itself — the reconciliation brought about by the Sabine women between the Romans and their own people—also touched the President, with his pressing problems in reconciling the diverse factions of French political life.

Abid's ambush

Foreign Secretary David Owen got an earful of plain talking from an unexpected source shortly after his speech promising "steady and dramatic pressure" on the racialist regimes in southern Africa. He was waylaid in the corridor by Shirko Abid, a Kurdish engineer who has been a political refugee here for four years, and who came yesterday to lobby for greater autonomy for the Kurdish minorities in Turkey, Iraq and Iran.

An impressive sight in turban and national dress, Abid only found out later that the man he had berated for Britain's approval of the division of his nation in the aftermath of World War I was none other than the Foreign Secretary. "I thought he was just another MP, and I was surprised when he *asked* me what I thought he should do, and then asked his secretary to fix up an appointment. I told him he should tell the Turks to be fairer to the Kurds as a condition for joining the Common Market." Abid replied, before wandering off to bend the ears of Philip Noel-Baker, whom he mistakenly identified as Michael Foot.

Chew on this

A Wolverhampton catering firm, K. Snacks, has won a £1m. order to supply sandwiches to the Gulf State of Qatar, starting with 45,000 chicken, beef and cheese sandwiches for school lunches.

Observer

POLITICS TO-DAY

BY DAVID WATT IN BRIGHTON

The veiling of Labour's conflicts

THE LABOUR Party does not often achieve an boring conference: and when it does, as at Brighton this week, it is hard to say which sentiment is uppermost among the delegates—a kind of bemused relief, or a grim determination to resume more diverting pastimes such as fratricide and mayhem at the earliest possible moment.

On the whole, relief has been the dominant emotion of the past few days. There is, as everyone keeps on remarking wisely, a general election somewhere in the offing—the most convincing argument for which being the extreme difficulty of achieving yet another boring pre-election conference next autumn. But there is another factor at work here which is more intriguing—namely the strange circumstance that for once, and possibly for the first time since about 1947, Left and Right seem temporarily to have run short of issues to squabble over.

The most obvious example of this strange, eliminative process is the Common Market. The Prime Minister and the Foreign Secretary have naturally been congratulating themselves on the skill of an elaborate operation of which Mr. Callaghan's letter to the EEC a week ago was the consummation. It was indeed a masterly document, from a political point of view, and leaves the Labour Party in a mini-Gaullist position from which (as in the case of de Gaulle's Gaullism) it will be much easier and more natural in practice to move gradually in the direction of closer European co-operation than it will to move against it.

But the Prime Minister's ability to clinch matters in such a conclusive fashion was only made possible because the controversy, after 15 years, had virtually petered out in exhaustion: on the one hand Britain's membership ratified by the referendum; on the other, the unpopularity of the EEC as such and the retreat from federalism all over Europe. The almost inevitable synthesis in Britain has been an anti-European Europeanism, a nationalist community spirit.

The results of this development have been, and will be, profound. They will also be to the net advantage of the Right since it was the Left's ability to put together an anti-Market coalition based on the Centre that really put the heirs of Hugh Gaitskell to flight. But making all allowance for Mr. Callaghan's real political adroitness in the affair, the essential reason why his manoeuvre has been possible is that history has at long last moved on and made much of the argument seem irrelevant.

More remarkable still has been the emergence of something like a consensus about what should be done with the British economy in the next few months. This may seem an odd description of a conference debate in which there were so many impassioned pleas for immediate and massive reflation and so many signs that the Government has no intention of acceding to them. But it reflects the reality of the situation just the same. The debate was to a large extent a charade because unions, and Government had already reached a tacit understanding. Of course, the entire conference expressed a desire to bring down unemployment; and of course the Government was roasted for its alleged lack of socialist commitment in failing to cope with the crisis. But the defeat of the radical motion on the economy and, still more, Mr. Wedgwood Benn's silky semi-defence of Government strategy for the platform showed which way the wind was blowing. The unions had evidently decided that their members are going to get just enough of what they want by one means or another, to make a government-bashing of a doctrinaire kind not only unwise but unnecessary; and without the unions, the purely ideological complaints of the Left had no bite.

Here again, peace can be said to have broken out to some extent because the Government has taken good care to organise the result in advance with a "fix." But, as in the case of the EEC, Mr. Callaghan's ability to arrange matters has been vastly assisted, and perhaps only made possible, by radical changes in the real world. The experience of last year's crisis has evidently convinced union leaders not just of the genuine dangers of inflation but also of the impossibility of disregarding the external confidence factor, however conservative and perverse this might appear to be. At the same time the transformation of Britain's economic prospects since the last conference has provided the Government with a vital psychological asset in dealing with its own followers. If one can actually see the money flowing into the bank and the oil gushing from the North Sea wells, one can afford (can't one?) to wait a little longer for the shell-out.

This combination of developments—the approach of the election, the European synthesis, and the carefully repressed euphoria aroused by the turn of the economy—has not just put the Left-Right power struggle into cold storage, but has actually killed the Left-Right argument almost stone dead for the time being. There is no knowing what the television watchers in the general public will make of all this; and there are some in Brighton who believe, on the principle that any publicity is good publicity, that a good old punch-up might have been better for the image.

Nevertheless, the result for the observer of long-term trends has been a merciful clearing of the air. Both sides of the ancient argument have had a moment to consider some of the implications of what has been happening, and one has suddenly been able to see, dimly, the outline of some of the arguments which lie at the other side. The point is that events may now be moving very fast and by the time the election comes and the party manifesto has to be written, Labour's appeal to the country may have to be very different from anything that has been produced in the last four elections; and the way in which this new appeal is couched is going to play a big part in defining the Left-Right battle lines of the 1980s.

The Prime Minister's own hints on the tone of the next manifesto were contained in the peroration of his speech on Tuesday, and they struck a characteristically conversational and emollient note. His credo—"as old as this century, but as modern as to-morrow" (a very black mark against his speechwriter, that)—is "fair shares for all." The oil revenues are to be redistributed to "all sections of our community" and not just made "a Tory bonanza for the privileged few." This old-fashioned formulation certainly avoids most of the difficult questions and one gets the impression that Mr. Callaghan believes it actually solves a lot of them, too. In particular, he seems to think it demolishes the key contemporary Conservative attack on Labour ("Labour has sacrificed liberty to a mad rush for equality") by the simplest of expedients. If you have a lot of North Sea oil money, it becomes possible to fulfil Labour's promise to cast off the fetters of the under-privileged without loading them immediately on to the limbs of the rich and the middle class.

Other actors on the Brighton stage have been trying out their lines as well. The Right-Centre Ministers of the Campaign for a Labour Victory (notably Mr. Bill Rodgers and Dr. David Owen) took much the same rather vague attitude at their fringe meeting on Wednesday. But the implication here was slightly stronger—partly because of allusions to such conventional figures of the Social-Democratic pantheon as Tawney and Attlee, and partly because of Gaitskellite overtones of the CLV—that if Labour is allowed to preside over the new prosperity it will actually ease the strains on the mixed economy and obviate Marxist solutions.

Mrs. Shirley Williams produced some embroideries on the theme in her Fabian lecture. For instance, she discussed unorthodox means of alleviating unemployment such as worksharing, early retirement and a really thorough drive to do something for small-sized businesses. She is evidently tinkering in her mind with the fashionable theories about the diffusion of power and participatory democracy and is anxious to rescue them from the clutches of Mr. Wedgwood Benn.

Mr. Wedgwood Benn himself is naturally reserving a position for himself in the line-up. His speech to the conference on Monday was an articulate bid for what might be called moderate Marxist support. The proposition was that unemployment was chiefly due to a combination of capitalist irresponsibility and unwillingness to invest combined with an international bankers' ramp. The solution was to use the oil money to impose structural changes on the British economy and to alter the investment pattern.

Interventionism and the suppression of market forces are obviously the essence of this approach and it is therefore bound eventually to come into conflict with that of Mr. Healey and others.

None of these try-outs tackled the central question of trade unions power or how that would affect the "fairness" with which the oil money was actually shared out. And without a solution or at any rate an attempted solution of this, it is hard to envisage a really successful election manifesto being concocted on either Left or Right-wing lines. The vulnerability of Labour to the Conservative Party surely lies in this area and yet there is no possibility of putting up a very solid defence without reopening the internal party war on a grand scale. It is for this reason that in spite of good behaviour and optimism all round, Labour's prospects are still problematical.

There is also, of course, the difficulty that nothing really closes down hostilities completely. We are talking about a struggle for power between individuals and groups of individuals at every level of party activity from constituency ward to Cabinet, and even where there are no immediate issues of policy to provide a battleground the adversaries tend to jockey for position.

This week's argument about the re-selection of constituency MPs is just such a struggle. And while it has been successfully sidetracked for the time being, it illustrates both the underlying difficulties of the party and the uncertainty with which it faces the electors—even those electors whom it might assume to be Labour-inclined. The Right have conceded some revision of rules in the hope of encouraging their moderate allies to take more part in constituency activities, while the Left have not pressed for their original demand that an MP should be subject to recall by his general management committee once 3½ years have elapsed after a General Election because, upon reflection, they were almost as worried about Trotskyite infiltration of depleted parties as anyone else. The old certainties of the Left-Right divide are still there, but they have been vastly complicated by new developments and new worries about the state of public opinion. For the moment, both sides have put up the shutters, but they will have to be opened again before the next election if it is to be won.

Mr. Callaghan makes two point of argument to Mr. Michael Foot at the conference.

Letters to the Editor

Encouraging the high flyers

From Mr. J. Gibson.

Sir,—The renewed debate on the methods used by the civil service for recruitment and development of its future senior staff is of interest to me as an industrialist who has had the privilege and the pleasure of four years' recent experience in Whitehall. Those arguing about the elitist methods said to be used, appear to me to be disputing the wrong territory.

The debate should surely be on the best means of ensuring that the "elite" are properly identified and developed, not whether elitism should be abandoned because it is unfair. It is paradoxical that the French should be held up as an example, since my observation and judgment is that the development of French senior management in industry and public administration is markedly more elitist than is the practice in this country. Perhaps it is because it was a Frenchman who coined the phrase "Les carrières ouvertes aux talents" that the French succeed in the application of elitism with less resentment than is evident in the opponents of the practice here.

My own industrial management experience has been gained in three different industries—aerospace, chemicals and contracting. The methods used to identify and develop talent range from self-selection and development, whereby the ambitious and talented develop themselves by moving from company to company, to the methodical identification of high-flyers and their development by frequent moves within one organisation. In the latter case, the practice can be epitomised by the words of Mr. F. E. Smith (subsequently Sir Ewart Smith) who summed up his approach in the 1920s in the phrase "I promote good people unmercifully." It is remarkable that he so stamped this philosophy in that part of the company in which he and I worked, that it was still strongly evident in the 1950s and 1960s when I was its beneficiary.

The essence of this philosophy is firstly that good people must be consciously identified, no matter what activity they are undertaking or what means of recruitment put them there. Secondly that once identified, such people must be given a range of different and testing tasks chosen to define and confirm their abilities and provide them with the breadth of experience necessary to be effective senior managers. The progress of such high-flyers must also be carefully monitored. I believe the present debate and any decisions arising therefrom should concentrate on these essentials.

While my experience in working for four years in two departments of State is perhaps more extensive than that available to most "outsiders," it nevertheless gave me a perspective confined to a small part of an organisation employing nearly three-quarters of a million people. I believe, however, some valid observations can be made based on this experience.

More attention must be given to the systematic application of means to identify and develop talent. This means that senior civil servants must be prepared to be managers of people. In this respect also, senior establishment officers (staff managers in industry) must be more active as the conscience of those people who have responsibility for identifying and developing high flyers. Efforts to develop a truly inter-departmental spirit which tend to restrict cross postings either for experience or promotion.

The necessity for "provincial" experience, and to be one of the merits of the approach used by the ENA, should not be confined to experience within the civil service. Secondment to industry and commerce, though enormously difficult to arrange, should be a priority and prerequisite to promotion to senior administrative posts.

J. P. Gibson,
Batworthy-on-the-Moor,
Kestor,
Chagford, Devon.

Sauce for the goose

From Mr. M. Bizley.

Sir,—Your correspondence on the Inland Revenue's 9 per cent interest charge prompts me to direct attention to the opposite side of this coin.

My daughter, a newly qualified schoolteacher, began paid employment in February, and therefore earned only two months' pay in the fiscal year 1976/77. Nevertheless, from the pittance she received, income tax amounting to £100 was deducted at source, causing her grave inconvenience because she urgently needed this money to provide herself with board and lodging near her work.

She was not, of course, liable to pay any tax in the year 1976/77 since her total earnings fell short of the personal allowance: accordingly she waited patiently for a refund. When nothing had been repaid to her by June, I took up the matter on her behalf and after two further months succeeded—by much correspondence and telephoning—in securing a refund of the precise amount deducted.

By the time this was received, the Inland Revenue had been in possession of £100 belonging to my daughter, for an average of [illegible] months. It paid not a penny interest and offered not a word of apology for the gross inconvenience to my daughter (and to myself). Since [illegible] months at 9 per cent. p.a. on £100 amounts to [illegible], it seems that in common justice this amount ought to be paid in addition to the refund.

If the law requires that the idiotic procedure be followed of deducting tax at the basic rate at source, in cases where the employee is plainly not liable to pay any tax, then the law should be changed. Alternatively the Inland Revenue's interest charge should operate in both directions, so that it ceases to be a "heads I win, tails you lose" situation.

M. T. L. Bizley,
2 Virginia Close,
Ashtead, Surrey.

Tory leadership in a squeeze

From the Liberal Prospective Parliamentary Candidate, Chichester.

Sir,—Mr. Verber (October 3) rightly points out the dangers of a mass of Left-wing policies that would befall us should a Labour Government be re-elected with an overall majority. These would probably be perpetuated under another dishonest claim to having "a mandate from the people"—as they were in 1975 and 1976 in the face of the united votes of the elected representatives of parties obtaining over 57 per cent. of the votes at the October, 1974, election.

Of course it is a terrible risk, and since 1874 the Liberal Party, alongside far-sighted members of other parties and many who have come to disdain politicians of any party, have been pressing for reforms of the electoral system. All that is needed is one that will give representation in Parliament roughly in proportion to votes cast for the parties concerned—with single transferable votes preferable so that the electorate is the final arbitrator in which candidates get elected.

Is the united determination of the leaders of the two major parties anything less than Mr. Verber's "naked expediency"? Are they not hell bent on being "elected dictators" for a brief spell so that they can force through their policies without compromise, even if they obtain less than 40 per cent. of the votes cast and are voted for by under 30 per cent. of the electorate?

Against a background of Britain's dismal economic record over the last 15 years, and growing disillusionment with politicians among the citizens, one can hardly claim the present system of "strong" government has been anything but a failure. The squeeze is now on Mrs. Thatcher and her Shadow Cabinet—if she committed the Conservative Party to bringing in legislation for Proportional Representation for the Westminster elections in the first session of a new Parliament, if elected, it would not only make any further extension of the Liberal/Labour agreement far less likely, but almost certainly remove the risk of a Left-wing dominated government in 1983.

J. G. R. Rix,
Wyndehouse,
Headley,
Nr. Bordon, Hampshire.

EEC textile philosophy

From the Commissioner, Hong Kong Government Office.

Sir,—Mr. Bridge of Oldham thinks Hong Kong textiles have had it too good for too long in the U.K. Hong Kong has been under restraint for eighteen years in the U.K. market. We seek no massive increase or advantage in it. We understand Mr. Bridge's problems. But it will do Oldham no good at all to cut Hong Kong quota just to give this to suppliers who have only recently climbed on the bandwagon—and this is what EEC wants to do.

D. C. Bray,
6, Grafton Street, W.1.

When all the power goes

From Mr. R. McRobb.

Sir,—The recent correspondence on the subject of fuse ratings and availability will certainly cause some amusement, and concern, to those like myself who are supplied from two wire overhead systems in the country. To us, certainly to me, it is of purely academic interest to know that only three and 13 amp fuses are now available.

We do not have an earth wire in the supply to us but we do have an earth trip switch. These switches provide protection against accidental earthing and are extremely fast and sensitive in operation. In the seven years that I have lived at this address we have not had a single blown fuse. Instead on the occasions in which a short circuit has occurred the earth trip has gone. When this happens all our power goes and the only way to identify the faulty circuit is to remove all the main fuses, reset the earth trip switch and then re-insert the fuses one by one until the earth switch goes again. That is the faulty circuit! The fuse is still intact.

It matters not whether we use three, or 13 or even 30 amp fuses in our 13 amp plugs, the fuse never goes. Thus the educational programme of the electrical accessory manufacturers (letter from Mr. Fallon of MK Electric on September 28) is of little use to us with earth trips. It is nice to know that we are so well protected, but it is rather irritating when all the power goes off if a lamp fails.

R. M. McRobb,
Glebe Cottage, Honeydon Road,
Colmworth, Bedford.

Academic approach

From the Secretary.

Sir,—Michael Dixon's article about what happens to higher degree graduates (October 3) was interesting and pertinent.

I am a little surprised, however, at the view, which he reflected in the article that a good many of our academic colleagues "irresponsibly encourage good undergraduates to stay on, even when knowing that the return to the student by way of career prospects may be minimal, or negative . . ."

My experience in Cambridge suggests that most academic staff are very well aware of the diminished job prospects in the academic world and urge their students to take a similarly realistic view.

W. P. Kirkman,
University of Cambridge Appointments Board,
Stuart House, Mill Lane,
Cambridge.

Dissolving a society

From Mr. J. Scott.

Sir,—As one of the directors of the company that has revived the original concept of the terminating building society but on a modern financial basis, may I comment on last Saturday's article by Adrienne Gleeson headed "Loan Rangers."

The review of the company's scheme was in large part both factually correct and helpfully explanatory. The piece did, however, make two observations which I believe should be clarified in the best interests of your readers.

Your correspondent indicated that in the event of success in the tender, quote, "he would probably have been paying a very high rate of nominal interest on that principal in the meantime." In fact, if quote, "he" tendered successfully at the first opportunity at the maximum permitted premium of 50 per cent., and subsequently he was unlucky enough to be the last name drawn out of the ballot, the effective cost of the premium expressed as a rate of interest annually would be 3 1/16th per cent. (that is, 50 per cent. spread over 13½ years). I do not feel that even with presently falling interest rates, this figure can be described as a "very high rate."

In analysing the costs, mention was made of the compulsory insurance premiums. I think it fair to say that few, if any, lending institutions will consider an advance to an individual without his life being insured, and indeed, there are sound reasons for this being the case. Furthermore, I believe it worth noting that the management company which is in receipt of the commission generated by the compulsory insurance cover does in fact also indemnify this company from all expenses (with the exception of statutory expenses and the Trustees' fees) for the first 13½ years of its life.

John R. Scott,
Lansford Scott and Partners,
32/34, Wellington Street,
W.C.2.

To-day's Events

GENERAL

Last day of Labour Party Conference, Brighton.

Expected announcement of further cut in Bank of England's Minimum Lending Rate.

Conservative Central Office publishing first issue of Centre Forward, a new magazine providing a forum for debate over the whole area of local administration.

Second and final day of Financial Times, British Caledonian Airways and Investors Chronicle conference on Latin American Banking, Caracas Hilton, Caracas.

London Chamber of Commerce trade mission continues visit to Venezuela.

Sir Robin Gillett, Lord Mayor of London, opens exhibition of Royal Society of Marine Artists at Guildhall, 3.30 p.m., and later attends dinner of Frame-Work Knitters' Company, Mansion House.

Windscale public inquiry continues, Whitehaven.

OFFICIAL STATISTICS

Personal income, expenditure and savings (second quarter). Gross domestic product (second quarter).

COMPANY RESULT

S. Pearson and Son (half-year).

COMPANY MEETINGS

AAH, Quaglino's, Bury Street, S.W., 12. Peter Black, Winchester House, E.C., 12.30. K. O. Boardman, Manchester, 12. Change Wares, Winchester House, E.C., 12. Diploma Investments, Great Eastern Hotel, E.C., 12. S. Hoffnung, Great Eastern Hotel, E.C., 12. Manordale Group, Leeds, 12. Marston Thompson and Evershed, Burton-on-Trent, 11.30. Second Alliance Trust, Dundee, 11.30. Sobranie, Connaught Rooms, W.C., 12.

SPORT

Golf: World Match-play Championship, Wentworth. Tennis: Pernod Trophy, Sunderland. Show Jumping: Horse of the Year Show, Wembley. Racing: Ascot and York.

LUNCHTIME MUSIC

St. Stephen, Walbrook, organ recital by A. Langmead-Robinson, 12.30 p.m. Guildhall School of Music and Drama, Barbican, Peter Gill, piano, and Anthony Purdy, guitar, 1.10 p.m. St. Mary Woolnoth, Singers Workshop, 1.10 p.m. Church of the Holy Sepulchre, Holborn Viaduct, recorded music, Tchaikovsky, 1.15 p.m.

TALK

St. Margaret Pattens, Eastcheap. Mr. Laurence Bull speaks on Thames Sailing Barges at St. Margaret's Historical Society meeting, 1.10 p.m.

EXHIBITION

Fifty Years of the Post Office Underground Railway, King Edward Building, Newgate Street, E.C.1 (10 a.m. to 4.30 p.m.).

COMPANY NEWS + COMMENT

Berry Wiggins £3m. loss—refinancing plan

THE MUCH-DELAYED accounts of Berry Wiggins are scheduled to be sent out to shareholders next week and are expected to contain details of a major refinancing scheme. Preliminary figures for the 12 months to December 31, 1976, show a pre-tax loss of £3m., which largely reflects the loss of £2.4m. on the much-publicised Algerian drilling contract. A further provision for this contract, now terminated, of £4,566,000 is made for 1977 under extraordinary items.

Berry Wiggins' chairman, Mr. Paul Bristol, said yesterday that the Board was considering ways in which the company could recoup some of its losses. The original contract for the Algerian project was signed by KCA, a company taken over by Berry Wiggins in 1974.

Mr. Bristol, who was at the centre of a Boardroom row at the end of last year which led to the company sacking one non-executive director and severing ties with both its brokers and merchant banking advisers, also added that the company was seeking customers for the equipment that is now coming out of Algeria.

Figures for four months of 1977 reveal a pre-tax profit of £305,000 and it is expected that the upturn will be maintained throughout the year.

It is intended that the company change its name to KCA International to reflect the group's principal interest in Drilling and Drilling Muds, following the recent sale of its 50 per cent. interest in BP Aquaseal.

	1976 £000	1975 £000
Turnover	17,172	11,734
Trading profit	[illegible]	[illegible]
Loss before tax	3,011	*1,577
Tax on	453	791
From deferred tax	1,662	†675
Net loss	1,792	*131
Minority loss	27	*175
Extraordinary items	‡4,418	197
From general reserve	—	247
Attributable loss	6,083	*771
Preference dividends	72	12
Ordinary dividends	—	312
Deficit balance	6,115	§559

* Profit. † To deferred tax. ‡ Comprising exceptional Algerian losses £4.57m. less profit of £145,000 on disposal of oil Ease Germany. § Surplus.

See Lex

HIGHLIGHTS

EMI's second half is rather disappointing, with profits in this period lower, but the current year has apparently started fairly well. The long awaited preliminary statement from Berry Wiggins reveals losses of over £6m., most of which relate to the abortive Algerian contract, but the full picture will not emerge until the full details of a refinancing arrangement are disclosed in the accounts. Lex also takes a look at the first floating bond to be issued by the Agricultural Mortgage Corporation. Elsewhere, John Mowlem has turned in profits over 40 per cent. to the good with the bulk of the improvement coming from the overseas operations. On the other hand, Morgan Crucible was hit by sluggish overseas markets in the second quarter and margins were under pressure, and this is likely to be the case for the next three months.

Holt Lloyd jumps 38% midterm

WITH ALL divisions contributing evenly to a £4.24m. sales jump to £15.33m., pre-tax profit of Holt Lloyd International were 38 per cent. higher at £1.6m. in the 28 weeks ended September 10, 1977.

Mr. Tom Heywood, chairman, says the full benefits of the Holt Products-Lloyds International merger in 1975 are now being realised in the home market. The strong sales growth reflects improved operational efficiencies and a much higher level of marketing expenditure for the group's products.

There has been further strengthening of the group's position in major markets, notably Australasia and Europe. Profit from the Australasian division so far is ahead of last year's total figure, aided by the acquisition of Stewart Food and Co. late last year.

A profit ahead of last year's £2.15m. is expected with Mr. Heywood saying demand for group products remains high internationally "and I am confident that we shall continue to achieve an above average rate of growth during the second half of the year."

The profit represents earnings of 7.6p per share against 5.6p last time and net interim dividend is up from 2p to 2.75p per 10p share. The total payment last year was 5p.

	28 weeks 1977 £000	1976 £000
Sales:		
Automotive and aerosols	9,272	6,865
Treatments and coats	4,531	3,797
Food	1,661	1,162
Profit before tax	1,605	1,159
Tax	[illegible]	591
Net profit	779	568
Minorities	19	7
Available Ord	760	561

● comment

Holt Lloyd is showing the results of its first year in full swing following the merger of Holt and Lloyd, with interim profits 39 per cent. higher. Car care products are an undisputed growth market and within the group's 35 per cent. sales increase less than 15 points can be attributed to price increases. Higher advertising—the expenditure here has been doubled—is a major factor behind the performance, and HL reckons to be reaching a much wider market. The second half compares with a period where the merger benefits were beginning to show through but even so profits could reach £3½m. for the year, though a lot depends on the winter weather and its effect on anti-freeze and de-icer sales. On this basis the prospective p/e is 9.1 at 125p which could limit any upward price movement, but this year's dividend is the company's last which will be free of restraint and a net payout of at least 6½p looks likely giving a yield of 8.2 per cent.

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Milford Docks well down halfway

In the first half of 1977, turnover of Milford Docks was maintained at £612,639, against £593,013.

But after substantially heavier provision for maintenance and repairs, the profit before tax fell from £59,335 to £21,454.

	First half 1977 £	1976 £
Turnover	612,639	593,013
Maintenance etc.	41,557	21,578
Exceptional credits	19,551	19,653
Profit before tax	21,454	59,335
Tax	—	20,000
Net profit	21,454	39,335

For the year 1976 the company showed an advance in profits to £130,000, and paid a net dividend of 2.68p.

Beauford six months progress

PRE-TAX PROFITS for the first half of 1977 at Beauford Group progressed from £205,255 to £232,596, and the directors state that on present indications, the full year figure will again exceed that for the previous 12 months, when £433,261 was achieved.

The interim dividend is raised to 1p (0.95p) net—last year's final was 2.04p. Earnings for the half year are given as 3.6p (2.9p) per 10p share.

International Timber conversions

On September 30, more than half of International Timber Corporation holders of 10 per cent. unsecured loan stock 1990-95 exercised their rights to convert.

Following this, Ordinary units in issue will total 16,518,463. There will remain £2,101,627 loan stock.

The interest of Montague L. Meyer in Ordinary stock amounts to 1,668,477 units (10.1 per cent.). Although no formal advice has been received, it is believed Meyer also has an interest in about £283,000 of the remaining convertible unsecured loan stock.

Upon conversion of the whole of the loan stock, its interest in the 18,553,694 Ordinary units that would then be in issue would be approximately 10.5 per cent.

Better half at Warne Wright

TAXABLE PROFIT of Warne, Wright and Rowland firmed £79,000 to £636,000 in the June 30 half year with turnover considerably higher at £10.25m. compared with £7.81m. last time.

Providing industrial disputes experienced by both suppliers and customers are not protracted and the company's pay settlements continue to be contained within the Government guidelines directors feel group results should improve on the 1976 record total of £1.26m.

Profit is before tax of £331,000 (£290,000). After dividend payments, £164,000 (£188,000) is retained.

Interim dividend is lifted from 1.0852p to 1.32p net. Last year's total was 2.1704p. Earnings per 10p share are stated at 4.376p (3.821p) on capital prior to the rights issue. The interim will be paid on capital increased by a one-for-two issue.

	Half year 1977 £	1976 £
Turnover	10,253,000	7,809,000
Trading profit	957,000	751,000
Depreciation	159,000	161,000
Interest	32,000	33,000
Profit before tax	636,000	557,000
Tax	331,000	290,000
Net profit	305,000	267,000
Preference dividend	5,119	4,735
Ord. dividend	135,735	74,394
Retained	164,000	188,000

Hunting up £0.35m.—record seen

DIRECTORS OF Hunting Associated Industries expect further profit growth in the second half of the year after posting a £355,000 better pre-tax profit of £2,071,000 in the six months to June 30, 1977.

This would leave profits above the record £4.1m. last year. Turnover for the first half improved from £32.6m. to £39.9m. and profit includes a £31,000 (£30,000) contribution from associated companies.

Tax takes £1.1m. (£890,000), and after minorities of £84,000 (£38,000), £825,000 is left for Ordinary shareholders against £726,000 last time.

Earnings per 25p share of the aviation support, engineering and survey group are stated at 10.4p compared with 9.16p.

Net interim dividend is lifted from 1.25p to 1.35p and an additional 0.021384p dividend has been declared for 1976 following the tax reduction. Directors anticipate a final dividend of 1.59867p making a total 2.94867p against 2.64p last year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beauford Group ......int.	1	Dec. 8	0.95	—	2.99
Berry Wiggins	Nil	—	1.23	Nil	1.93
W. Canning ....int.	1.5	Dec. 1	0.44	—	3.16
Capseals	0.93	Nov. 24	0.85	1.73	1.55
Clive Discount ....int.	2	Nov. 17	1.11*	—	4.32*
Cope Allman	1.74	Feb. 3	1.81	3.14	2.81
EMI	5.53	Jan. 6	3.76	9.24	6.86
English Assnc. of Am. ...	14†	Dec. 1	4.51	18.55†	9.59**
W. and J. Glossop ...int.	1.43‡	Nov. 18	1.28	—	3.44
Norman Hay ....int.	1	—	0.7	—	1.84
Holt Lloyd ....int.	2.75	Dec. 16	2	—	5
Hunting Associated	1.35§	Nov. 15	1.25	—	2.64
I.D.C. Group ....int.	2.17	Nov. 25	2.17	—	8.36
Morgan Crucible ......int.	3.07§	Jan. 3	2.75	—	4.72
John Mowlem ....int.	1.5	Dec. 9	—	—	3.25*
Prestwich Parker	2.19	—	2.19	3	3
Austin Reed ....int.	1†	Dec. 3	0.83	—	2.56
Warne Wright ....int.	1.32†	Dec. 1	1.09	—	2.17

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.033p. § Additional 0.03p. ¶ Additional 0.021384p. ‖ To reduce disparity—3.526p total forecast, also additional 0.04179p. ** For six month period.

46% leap at Mowlem so far

RECORD FULL year profits are seen by John Mowlem and Company after a 46 per cent. taxable profit jump to £2.75m. in the June 30, 1977, half year.

Mr. Edgar Beck, chairman, says profits for the second half should be in line with the opening period result, which would push profit above the £4.25m. posted last year. Turnover for the first six months was up from £58m. to £86m.

He says the economic situation and restriction on capital expenditure in the U.K. public sector has inevitably led to some reduction in its home order book, although the actual workload will continue at a satisfactory level for some time.

He is hopeful of government action in the next 12 months to assist the building and civil engineering industry. Strenuous efforts overseas are however bearing fruit and turnover and profits there are hoped to offset the local fall.

An interim dividend of 1.5p net per 25p share (nil) has been declared and earnings per share are up from 7.21p to 10.14p. Dividend last year was equivalent to 3.251696p after adjustment for a one-for-two capitalisation issue.

	Half-year 1977 £000	1976 £000
Turnover	[illegible]	57,715
Associated companies	7,682	3,213
Trading profit	1,879	1,302
Associated companies	770	377
Profit before tax	2,748	1,879
Taxation	[illegible]	811
Net profit	[illegible]	938
Interim dividends	196	1
Retained	1,124	937

● comment

While John Mowlem's pre-tax profits, up by 46 per cent., includes a large slice of interest and investment income, a trading profit increase of 32 per cent. still compares very favourably with the sector. The group's principal associate Barclay-Mowlem has chipped in with more than doubled earnings thanks to its share of reconstruction work in Darwin, while overseas interests now account for nearly 30 per cent. of turnover with most of the profits growth coming from this side. In the U.K. the performance has been steady rather than exciting with Mowlem's continuing to benefit from a number of medium- and long-term contracts still working their way through to completion—including a major contract at Milton Keynes and construction of the National Westminster Tower. The shares at 130p yield a maximum 4.3 per cent. which is better than the sector average and covered nearly six times by earnings given pre-tax profits of £5.5m. which should please George Wimpey and the Kuwait Investment Office which have been sitting tight on their respective shareholdings of 18 per cent. and 9.98 per cent.

Associates lift Swire to £13.7m.

ON TURNOVER £3.6m. higher at £39.2m. John Swire and Sons boosted taxable earnings from £10.2m. to £13.7m. in the six months to June 30, 1977.

The growth came from a more than doubled contribution from associated companies at £7.7m. compared with £3.2m. previously. The result also includes a £1.5m. profit on realisation of assets against £2.5m. last time.

Tax is £5m. compared with £2.5m., and minority interests take £100,000 (nil) leaving £8.6m. (£7.7m.) available for ordinary shareholders of the diversified international shipping, transport and property group.

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ISSUE NEWS

Variable stock from AMC

Agricultural Mortgage Corporation is raising £3m. by an issue of variable rate bonds at par. The Bonds which are dated October 1 1982, have been placed for payment in full today when dealings are expected to start.

AMC is the first in the private sector to raise new money in the market on a variable basis, previously only the Government and local authorities have issued these stocks, and this is the first in either the private or the public sector to enter the short term bond market for variable money.

AMC plans to raise further funds in this way in the future.

Interest payments on the bond will be payable half-yearly on April 7 and October 7 except that the final interest payment less tax will be paid on the redemption date—October 1, 1982.

The interest will be at the rate determined by the Bank of England to be equal to ½ per cent. annually above the average of rates that sterling deposits, in a marketable amount, would be offered to the reference banks for a period of six months in the London inter-bank market.

The rate at which the Bank will settle on will be advised by Barclays Bank, Lloyds, Associated Banking, Midland Bank, National Westminster Bank and Williams and Glyn's Bank—the reference banks.

Interest payable on April 7 1978 in respect of the period from October 7, 1977 will be at the rate of 6⅞ per cent. per annum.

Brokers to the issue are Mullens and Company.

See Lex

CARDIFF OVERSUBSCRIBED

The City of Cardiff announce that the issue of £10m. of 11 per cent. Redeemable Stock 1986 offered at £100 per cent. was oversubscribed.

The basis of allotment is as follows: up to £500 allotted in full; £600 to £1,000 receive £500; £1,500 to £30,000 get no allotment; £35,000 to £900,000 receive approximately 3.2 per cent. of the amount applied for; £1m. to £1.5m. get £50,000; £2m. to £2.5m. have £75,000 and applications for over £2.6m. will be allotted £100,000.

Dealings will start today.

Morgan Crucible up to £6m. so far

TAXABLE PROFITS of Morgan Crucible Company leapt from £3.99m. to £6.05m. in the July 3, 1977 half year on sales ahead from £36.77m. to £45.76m. Overseas sales represent 58 per cent. (59 per cent.) of the total, and the trading margin rose from 13.3 per cent. to 15.4 per cent.

Mr. I. Weston Smith, chairman, says while the result compares favourably with that of 1976, the recent weakness in world markets has had some impact on trading margins in the second quarter of the year. This, plus seasonal influences, will also have squeezed third quarter margins.

Stimuli are, however, approaching the economies of the industrialised free world and assuming they prove to be more than cosmetic the benefits to Morgan should be widespread and threefold.

Recent capital investment provides the company with capacity in all factories, the heat-treatment and process industries of the world must resume on a very large scale their efforts to save energy, and the vigour in the market place has been, and is, increasing its share of a number of product and geographical markets, adds the chairman.

Interim dividend is lifted from 2.75p per 25p share to 3.072p, and a third interim of 0.03p has been declared for the previous year. A total of 4.724p was paid in two interims last year on record profits of £9.98m.

Earnings per share are stated at 7.2p against 4.2p for the half year.

	Half year 1977 £000	1976 £000	Year 1976 £000
Sales:			
Carbon	17,974	14,870	31,643
Thermic	19,273	14,798	32,396
Acorn	6,741	5,394	11,593
Others	1,970	1,721	3,111
Total	45,758	36,773	78,945
Trading profit:			
Carbon	2,848	1,795	4,458
Thermic	3,190	2,167	5,411
Acorn	179	456	1,078
Others	73	124	240
Holding company	202	351	691
Total	7,082	4,903	11,398
Investment income	—	—	203
Finance charges	1,009	918	1,520
Profit before tax	6,053	3,985	9,983
Tax†	2,999	2,666	4,937
Net profit	3,054	1,918	5,046
Minorities and Pref. dividends	107	173	292
Extraord. debits	50	12	45
Available Ord.	2,951	1,734	4,709

† Less grants for capital expenditure.

● comment

At the half-way stage Morgan Crucible has continued its upward trend after last year's fine performance with sales comfortably ahead by 24 per cent. But sluggish markets overseas, especially in Continental Europe, Australia and Canada, as well as relocation c[osts] affected the second three mo[nths] and margins fell by more than [a] point between the first [two] quarters. Now that the Balfe[?] move in Northfields has b[een] completed, the company has fo[und] itself in the position of ha[ving] completed its expansion [pro]gramme before the gen[eral] recovery from the world re[cession] has taken effect thereby le[aving] the company with sp[are] capacity. The signs of an upt[urn] are apparent, however, and n[ew] markets have been obtained [for] high graphitic refractori[es], carbon brushes, commutato[rs], ceramic fibres, industrial lub[ri]cants and artist colours. [But] margins will again be under pr[es]sure in the third quarter althou[gh] the absence of re-siting expen[ses] and the seasonal upturn w[ill] benefit the final three months. [At] least £13m. is possible for the f[ull] year giving a prospective p/e [of] 8.4 and yield of 6.5 per cent. [at] 128p.

IDC Group slumps at halftime

DESIGNERS AND constructors [of] industrial and commercial buil[d]ings, IDC Group reports a slum[p] in pre-tax profits from £421,005 [to] £19,455 for the six months [to] April 30, 1977, on turnover dow[n] from £10.34m. to £9.57m.

The directors report tha[t] although liquidity remains satis[]factory, a further decline is ex[]pected in full year profits, bu[t] nevertheless they are extremely hopeful for a recovery next year. For 1975-76, the company achieved a £0.98m. surplus.

The interim dividend is kept a[t] 2.174p net per 20p share and the directors expect to maintain las[t] year's 6.1874p final.

After tax of £99,500 (£219,439) the net profit emerged lower a[t] £91,955 (£202,406).

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Mappin & Webb

Taxable profit of Mappin and Webb, retail jewellers and silversmith subsidiary of Sears Holdings, almost doubled from £612,000 to £1,107,000 in the six months to July 31, 1977.

Turnover was ahead from £7.8m. to £11.63m., and tax takes £615,000 (£325,000) leaving a £492,000 (£287,000) net profit.

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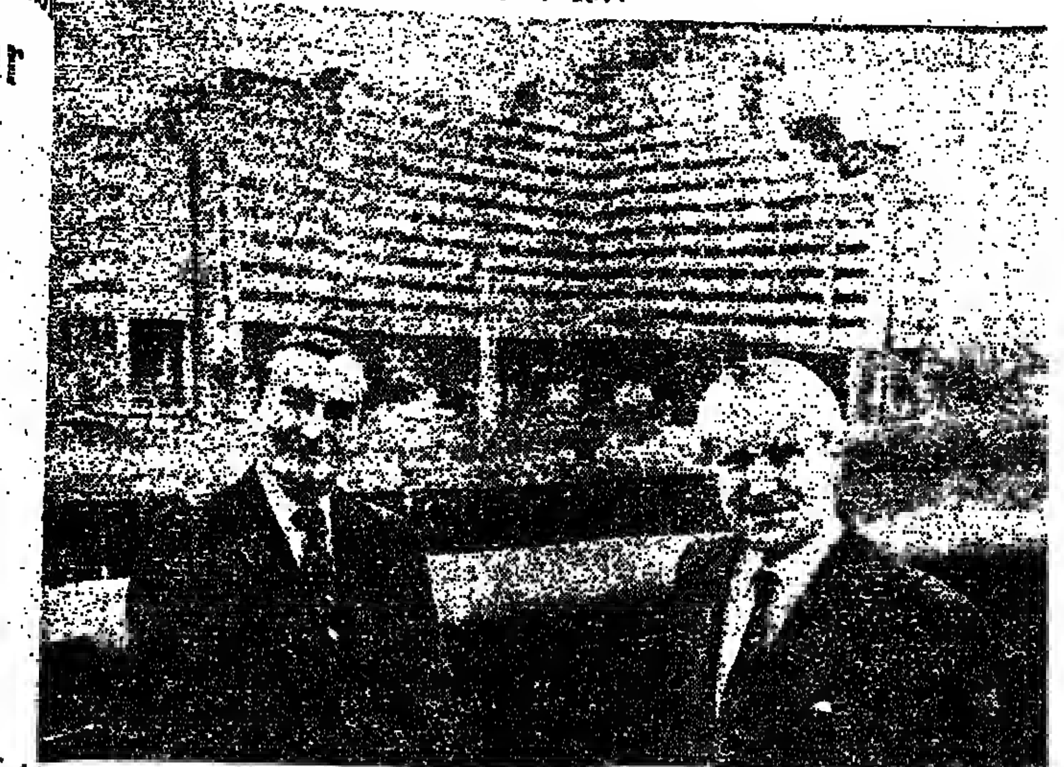

Trevor Humphries

Dr. John Powell, left, a managing director, and Sir John Read, chairman of EMI seen with the recently acquired Tower Hotel in the background.

Static second half leaves EMI with £64.7m.

IN THE SECOND half of 1976-77 profits, before interest, of EMI were virtually static at £33.09m. against £32.51m., leaving the total for the year ended June 30 at £74.86m.—an increase of some £9.9m. After a net interest charge almost doubled the year's pre-tax balance emerges at £64.7m. compared with £59.35m.

The directors explain that although showing an increase of 20 per cent. to £32.7m. music profits before interest, did not maintain their earnings rate in the second half, due primarily to the U.S. and Australia, and to lower margins in Europe.

Profits from leisure activities improved from £5.62m. to £7.24m. Continuation of the rationalisation programme, coupled with the strong tourist influx into the U.K., enabled EMI hotels and restaurants to achieve a significant profit increase. Bingo and film production and distribution, however, did not meet the profit levels of last year.

Thames Television had a successful year with profits rising from £5.65m. to £8.09m: its programmes consistently attracted high audience ratings, and the market share increased.

On the electronics side profits showed a marginal improvement from £26.44m. to £26.98m. In defence and industrial there were increases but the consumer side suffered a sharp deterioration due primarily to reduced profits from Australia.

As a result of greatly increased sales, profits of medical electronics were greatly increased, despite a much larger investment in research and development.

Sir John Read, chairman, commented yesterday that the current year had been going "modestly well." Although July and August were not really typical the [illegible] that the group would [illegible] results for the first six months.

Of scanner orders, Dr. John Powell, managing director, said that the group had not lost any that were on the books, through competition. He said the patent infringements claim against Ohio Nuclear in the U.S. was still going through the deposition stage and the hearing was not expected for some time yet.

The directors did not expect anything to happen on the Pfizer claim in the near term.

Profit before extraordinary items attributable to Ordinary holders emerge at £28.17m. against £24.39m. Basic earnings per 50p share are shown at 28.8p (25.8p) and fully diluted they stand at 25.7p (23.1p).

Extraordinary items result in a charge of £3.51m. (£146,000) and mainly arose from the cost of terminating onerous contracts and of closing down major portions of the business of the French subsidiary Sonopresse.

Referring to the increased interest charge the directors say that this largely reflects higher borrowing levels resulting from expansion generally including acquisitions, and increased working capital employed in medical electronics and film and television productions.

During the year the group made eight principal acquisitions at a total cost of some £57m.

The profit—achieved on sales 26.8 per cent. higher at £831.12m. —included a contribution up from £1.56m. to £2.86m. in respect of the share of profits of associates, and benefited by £217,000 as a result of exchange rate movements.

	1976-77 £000	1975-76 £000
Sales	831,121	671,442
U.K.	291,084	241,072
Europe	223,[illegible]	170,[illegible]
North America	169,[illegible]	1[illegible]
Other overseas	138,[illegible]	[illegible]
Profit before interest	74,864	54,955
U.K.	23,[illegible]	21,[illegible]
Europe	18,154	14,571
North America	14,778	14,[illegible]
Other overseas	[illegible]	[illegible]
Net interest	10,[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]
Taxation	[illegible]	[illegible]
Net profit	32,[illegible]	28,[illegible]
Minorities	[illegible]	3,591
Preference divs	1[illegible]	1[illegible]
Attributable to Ord.	[illegible]	24,[illegible]

As forecast at the time of the successful offer for Development Securities, the total gross dividend is being increased by 33 per cent. to 14p. The net final now proposed is 3.83p making the total 9.24p compared with 6.855p. The cost goes up from £3.35m. to £6.42m.

The tax charge includes overseas tax of £13.1m. (£13.6m.). The overall effective rate of 50.3 per cent. compares with 52.6 per cent. in the previous year, the main reason being the lower incidence of overseas tax. It is considered that all ACT applicable to dividends provided in the accounts for periods up to June 30, 1977, will be recoverable.

Excluding bank borrowings and liquid funds, investment in net current assets increased by £37m. Apart from the overall effect of inflation in the group, working capital in medical electronics increased substantially due to reduced customer deposits for EMI-Scanners and a significant volume growth, the directors state.

A £41m increase in capital and reserves reflects both the retained profit for the year and the issue of some 12.4m. new stock units, principally in connection with the acquisition of Development Securities.

Realisation of that company's short-term investments in the three months prior to the end of the group's financial year made available some £24.1m. in cash, and group borrowings were reduced by a like amount.

The principal reason for an increase of £29.3m. in the loan capital was the successful 50m Eurodollar bond issue in March. The proceeds were applied to repay existing short-term foreign currency borrowings, created to fund overseas acquisitions and expansion.

In the climate of uncertainty surrounding inflation accounting in the U.K. the directors do not propose to publish a full set of inflation accounts. The application of CCA principles to the trading profit for the year produces an erosion of 22.8 per cent because of the cost of sales and depreciation adjustments.

See Lex

W. Glossop steady in first half

REPORTING marginally improved turnover and profits for the half year ended July 31, 1977 the directors of public work contractors W. and J. Glossop state that the reduced Government expenditure on road construction and maintenance continued to affect trading.

However, despite increased competition and unfavourable weather, the group's progress was "not unduly impeded."

Turnover was ahead £100,000 to £5.9m. Profits come to £395,000 against £380,000, subject to tax of £205,000 (£197,000).

The interim dividend is raised from 1.288p to 1.433p net per 25p share. There is also an additional 0.033p to be added to the 1976-77 total of 3.436p—profits for that year totalled £734,000.

2p interim by Clive Discount

MARKET CONDITIONS have continued to be favourable at Clive Discount Holdings and trading results for the first half have been extremely satisfactory, state the directors in their interim report. For all 1976, the company achieved £1.32m. net profits.

The interim dividend per 20p share is stepped up from an equivalent 1.10833p to 2p net and assuming the continuation of dividend restraint the directors hope to recommend the maximum permitted final—last year payments totalled an equivalent 4.32375p, adjusted for a one-for-five scrip issue.

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Illingworth Morris savings

Illingworth Morris shareholders were told at yesterday's annual meeting by Mr. I. C. Hill, the chairman, that the group was currently ahead of last year.

And with helpful factors, such as the lowering of interest rates, the Board had been able to foresee a situation in which, if things remained roughly at the same level, there could be a saving of interest of not far short of £900,000 in the current year.

Austin Reed rises midterm

ON TURNOVER AHEAD £1.3m. to £15.78m., taxable profits of menswear retailers and manufacturers Austin Reed Group expanded 34 per cent from £531,000 to £754,000 for the 27 weeks to August 6, 1977.

The greater stability of sterling is unlikely to give the company the windfall business from foreign shoppers enjoyed last autumn, say directors. However, they are confident that the more buoyant conditions in Britain will lead to an overall increase in the company's profits, coupled with a higher return on investment at the year end. For 1976-77, record profits of £2.01m. were reported.

Mr. Barry Reid, the chairman, states that, although tourist trade remained good, there was a healthy upturn in many of the company's provincial shops. The programme of product diversification into ladieswear and younger men's fashions is beginning to make a valuable contribution.

With the exception of those in Sweden, which is in the throes of a severe economic depression, the company's overseas outlets improved their results, although there was a small loss on currency conversion against a gain in 1976.

On the manufacturing side, Harry Hall and Honorbilt traded exceptionally well with exports reaching new record levels, says Mr. Reid. The rationalisation of the shirt manufacturing subsidiary has been completed and it can now be expected to make a useful addition to group profits, he adds.

The interim dividend per 25p share is lifted from 0.825p to 1p net on increased capital, costing £115,000 (£94,000)—last year, payments totalled 2.35969p.

	weeks £000	£000	5[illegible] weeks £000
Turnover	15,784	14,455	31,[illegible]
U.K. retail	9,777	8,861	19,782
Overseas retail	3,346	3,151	7,[illegible]
Trade	2,661	2,473	4,369
Profit before tax	754	559	2,037
Property deficit	4	15	*44
Tax	392	296	856
To minorities	17	10	61
Pref dividends	10	10	20
Attributable	331	248	1,040

* Surplus.

RELIANCE KNITWEAR

Mr. H. E. Newman, chairman of Reliance Knitwear Group, told the annual meeting that the directors were cautiously optimistic about prospects.

After four months of the current year the results were in line with budget but this period was not fully representative of the whole year because it included the main holiday season.

MINING NEWS

Expansion next year at Cleveland Potash

BY PAUL CHEESERIGHT

DESPITE A review leading to extra safety measures at the troubled Cleveland Potash mine in Yorkshire, plans to boost production are continuing and should lead to an increase in output next year.

The new safety measures came into effect because of a fatality last August, as a result of a gas blow-out at the mine. The new measures involve additional protection on two Heliminers and one Marietta Borer. These are continuous mining machines which eat into the rock and reduce the need for the use of explosives.

The safety measures also involve probing drilling in an attempt to discover pockets of gas in the upper part of the potash seam.

But three new Heliminers are on order and should be in production during the first quarter of next year. A further three have been optioned and if delivered will arrive in the third quarter of next year.

The mine, which is owned by Charter Consolidated and ICI, has been running at under 50 per cent. of capacity. The additional machines should go some way to boosting output closer to the rated capacity in the light of the fact that some progress has been made in curing the technical problems which have dogged the mine from the start.

Engineers at the mine concede that the necessity to carry out extra protective drilling in the search for gas pockets could make the production process longer but feel that future production plans need not be affected.

The mine's gaseousness has been known for a long time, and blow-outs had occurred even before the one causing the fatality in August.

The cause of the gas pockets is thought to be linked to the shale which is in the upper part of the potash seam. This part of the seam is, in any case, difficult to process.

The problem of gas blow-outs is not unique to Cleveland. There was an accident of a related type at a Welsh coal mine in 1971, and there have been similar problems on the continent.

The new measures at Cleveland were taken after discussions between the company and the Mines and Quarries Inspectorate, whose duty is to see that safety regulations in domestic mines are observed.

So far some £105m. have been invested in the Cleveland mine, which has lost money heavily, not only because of its technical problems, but also because of the weakness of the potash market.

KAISER TO SELL DERBY FLUORSPAR

Fluorspar produced at the recommissioned Ryder Point Mill in Derbyshire is to be sold worldwide by Kaiser Trading, a wholly-owned subsidiary of the U.S. Kaiser Aluminium and Chemical Corporation.

The plant's new owner is Dresser Minerals International, another U.S. company, and it expects production of the acid grade fluorspar product to be available next year. Although it has a processing capacity of 1,000 tons of ore a day, the plant has been inactive since 1973.

Dresser Minerals also acquired the mineral rights on 10,000 acres of land around the plant when they took it over.

CYPRUS COPPER PROCESS COSTS

An engineering firm has independently estimated that it would cost $73m. (£41.3m.) to build a copper processing plant with an annual capacity of 73,000 tons a year under a new process discloscd recently by the U.S. group, Cyprus Mines. This is less than half the cost of conventional smelting and refining facilities of similar size.

These figures were revealed by Cyprus Mines following the completion of a study by Jacob Engineering of Pasadena into work undertaken by Cyprus into a new copper processing technique.

The Cyprus process involves the chemical treatment of copper concentrates to produce a high purity product prior to the smelting process. Cyprus has claimed that the wirebar produced by this method is "the same in every respect" as the conventionally produced bar.

Cyprus is planning to invite leading producers to see demonstrations of the new process at its plant in Arizona. Such visits could lead to licensing agreements or other contractual arrangements for the use of the process.

Although the time for new investment in the copper industry is not propitious in view of heavy stocks, lagging sales and escalating costs, any process which cuts down the amount of investment needed in new plant or eliminates costly transport charges would be welcome to the industry.

PACIFIC COPPER RIGHTS ISSUE

The Australian company Pacific Copper, is proposing a two-for-seven rights issue at 40 cents (25p) a share to raise $A942,000 subject to the formal purchase of the Barrie coal mine in New South Wales.

Pacific Copper Mines, the Canadian associate, which holds about 38 per cent. of Pacific Copper, has agreed to take up its full entitlement. If the issue goes as planned, it will lift PC's paid capital from 5.23m. shares to 10.6m. shares.

Recently the peculiarity of the market situation has been the way in which the Canadian PCM price moved erratically higher, before news of the PC acquisition, while the local company's shares hardly moved. Yesterday Pacific Copper Mines fell 14 to 149, but Pacific Copper gained 3 to 40 pence.

South Crofty allotment basis

Detailing the scale of intense public interest which greeted the offer for sale of 4.25m. shares in the Cornish tin mine of South Crofty, the stockbrokers Joseph Sebag stated yesterday evening that there were applications for 241.9m. shares.

This is nearly 47 times the amount of stock available, a far higher rate of subscription than even the most optimistic estimates. The total number of applications from the public was 30,368.

Joseph Sebag has refined the system for allotment of the shares There will be a weighted ballot for the sale of 200 shares among applications for up to 10,000 shares, thus giving more chance to those who applied for higher amounts.

Applications for 11,000 and 12,000 shares will receive 300 shares. Applications for between 13,000 and 17,000 shares will receive 300 shares, and applications for between 18,000 and 20,000 shares will receive 400 shares.

Applications above this level will be met with an allotment of two per cent. of the demand.

The shares are being offered for sale by Saint Piran, which will retain 65 per cent. of the South Crofty entity. Trading in the shares starts on Tuesday. Saint Piran were again actively traded in the market yesterday but closed unchanged at 80p.

AMAL. TIN PAYS A FINAL

The London-based Amalgamated Tin Mines of Nigeria is to pay the maximum permitted dividend of 2.513p for the year to last March. There was no interim but a capital repayment of 15p a share was made when 40 per cent. of the Nigerian operating subsidiary was sold to the State-owned Nigerian Mining Corporation. An interim only of 0.9375p was paid in 1975-76.

Net profits in the 12 months to March 31 were £517,400 compared with £154,328 in the preceding year, the comparison having been adjusted for the sale of 40 per cent. of the subsidiary.

The shares yesterday were 2 harder at 30p.

MORE GOLD AT DICKENSON

In Canada, Dickenson Mines, which has been producing gold from Ontario's Red Lake area since 1948, has passed a milestone in its development with the ceremonious pouring of its 3.000th bar, and a forecast of more to come.

At the end of June, proven ore reserves at Dickenson and its 78 per cent. owned brother mine, Robin Red Lake (whose ore is treated at the Dickenson mill) were calculated at 362,733 tons, averaging 0.541 ounces of gold a ton.

Extraction during the first half of the year produced 60,347 tons, for 30,261 ounces of gold, and mining consultants Derry, Michener and Booth reckon both proven and potential reserves are largely concentrated in the area above 30 Level (that is, the bottom level).

In fact, current estimates do not include a number of partially and unexplored areas above and below 30 Level, but the mine management is giving "serious consideration" to sinking the main shaft a further 1,000 feet, and is negotiating with financial institutions to this end.

HEAVY LOSS AT METALS EX.

An attributable loss of $A20.25m. (£16.6m.) is announced by the Australian company, Metals Exploration, for the year to last June. Like 1975-76 when there was a profit of $A167,000, no dividend will be paid.

There was an operating profit of $A813,000, but the writing down of Metals Exploration Queensland, the joint venturer at the Greenvale nickel project with Freeport Minerals of the U.S., by $A26.32m. to a nominal $A1m. (£632,000) accounted for the deficit.

But Metals Ex is to deconsolidate MEQ on the grounds that its continued inclusion in the accounts distorts the parent's financial position.

MEQ had an operating loss of $A14.1m. in 1976-77 as Greenvale operated at 88 per cent. of capacity in the face of a weak international market. Metals Ex shares were unchanged yesterday at 11p.

MONEY MARKET

Signal on rates repeated

Bank of England Minimum Lending Rate 6 per cent. (since September 16, 1977)

Short-term fixed period interest rates eased slightly further in the London money market yesterday, with discount houses buying rates for three-month Treasury bills falling to 4¾-4¾ per cent. from 4⅞-5 per cent. This continues to suggest a probable cut of ½ per cent. to 5½ per cent. in Bank of England Minimum Lending Rate at to-day's Treasury bill tender.

The authorities went no further than to repeat the message of the previous day, by lending a moderate amount for seven days to seven or eight houses at Minimum Lending Rate of 6 per cent., indicating that moderation is expected in the fall in short-term market interest rates now taking place.

Assistance was also given by lending a very large amount overnight, to the same number of houses at MLR, and the total amount of help was extremely large, including purchases of a small number of Treasury bills from the houses.

Banks carried forward heavily run down balances, there was a fairly large net take-up of Treasury bills, revenue payments to the Exchequer were slightly in excess of Government disbursements, repayment was made of a moderate amount lent to the market last week, and a large adverse factor was settlement of large sales of gilt edged stock. On the other hand there was a slight fall in the note circulation.

With credit in short supply discount houses paid 5¾-6 per cent. for secured call loans at the start, but closing balances were taken at 4½-5½ per cent., and interbank rates fell to 3-4 per cent. in late trading.

Rates in the table below are nominal in some cases.

Oct. 6 1977	Sterling Certificate of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	3-6½	—	—	—	6⅛	4½-6	—	—	—
2 days notice	—	—	5½-5⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	5¾-6	5⅝-5⅞	—	6¼-6	6⅛	5¾-6	—	—	—
One month	[illegible]	[illegible]	5½-5⅝	6⅛-5⅞	5⅞-6	6	[illegible]	[illegible]	5½-5⅞	6
Two months	[illegible]	[illegible]	—	5⅞-5⅝	5⅝-5⅞	—	[illegible]	[illegible]	5¾	6
Three months	[illegible]	[illegible]	5½-5⅝	[illegible]	5⅞-5⅞	5⅞	5	[illegible]	5¾	5⅞-6
Six months	[illegible]	[illegible]	5⅞-6	5⅝-5⅞	5⅞-6⅛	—	—	—	[illegible]	5⅞-6
Nine months	6⅛-5	[illegible]	—	6⅛-5⅞	6⅛	—	—	—	—	—
One year	[illegible]	[illegible]	6⅜-6½	6⅜-6⅛	7	—	—	—	—	—
Two years	—	—	7½-8	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9¾-10 per cent.; four years 10¼-10½ per cent.; five years 10¾-10⅞ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 5¼-5⅜ per cent.; four-month trade bills 5¾-6 per cent.

Approximate selling rate for one-month Treasury bills 4¹⁵⁄₁₆-5 per cent.; two-month 4¹⁵⁄₁₆-4¹⁵⁄₁₆ per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 5⅞ per cent.; two-month 5⅝-5⅝ per cent.; and three-month [illegible] per cent.; one-month trade bills 5¾ per cent.; two-month 5¾ per cent.; and also three-month 5¾-5⅞ per cent.

Finance House Base Rate (published by the Finance Houses Association) 6½ per cent. from October 1, 1977. **Clearing Bank Deposit Rates** for small sums at seven days' notice 3 per cent. **Clearing Bank Base Rates for lending** 7 per cent. **Treasury Bills:** Average tender rates of discount 5.3013 per cent.

هكذا من الأصل

CAI expands to £10m.

REFLECTING SHARP advances in the packaging and engineering divisions, group pre-tax profits of Cope Allman International jumped from £5.37m. to £9.97m. in the year ended July 2, 1977, of which £6.03m. against £3.75m. accrued in the second six months.

The directors state that the packaging division showed profits more than doubled while the engineering contribution was 50 per cent. up on the previous year. In the rest of the group leisure profits were maintained, but the fashion division showed a big drop, following large stock write-offs in the distribution company.

External export sales during the year rose by over 40 per cent. to £9.3m. This compares with a total sales rise of 25 per cent. to £145.7m. The directors point out that the packaging and fashion divisions had outstanding export performances, showing rises of 51 per cent. and 66 per cent. respectively.

	1976-77 £000	1975-76 £000
...les	145,725	116,537
...perating profit	11,183	*8,125
...an stock interest	387	414
...ank and other interest	1,373	1,323
...sociates' profit	852	†198
...ofit	8,575	6,196
...xceptional items, etc.	394	†816
...ofit before tax	9,969	5,378
...K. tax	4,211	2,684
...verseas tax	455	368
...et profit	5,273	2,330
...inorities	405	125
...arnings	4,868	2,205

* To provide a true comparison £816,000 in respect of royalties has been added back and shown as exceptional. † Loss. Debit.

As regards the current year, the directors do not expect it to be an easy one as many of the group's activities are heavily dependent on consumer spending. Although group projections begin to show benefits of the large capital investment programme of recent years, at this stage they are not willing to make any prediction as to increased profits.

At the attributable level profits emerge at £4.87m., against £2.21m. Earnings per 5p share are shown at 12.62p against 5.76p and at 11.43p (7.71p) before taking into account exceptional and non-recurring items.

As forecast the dividend is being stepped up from 4.3197p to 4.7517p gross. The net final is 1.7361p raising the total from 2.8078p to 3.1361p.

As previously announced, the action brought in the U.S. by the group in relation to aerosol patents was settled in May 1977. In consequence, royalties withheld by the group since January 1, 1975 are not payable and any continuing obligation to pay royalties (running at about £500,000 annually) is cancelled. This represents a permanent enhancement of profits.

The exceptional items etc comprise: provision for royalties, not now required—6 months to June 28, 1975 £246,000; year ended June 26, 1976 £527,000; legal costs incurred £586,000; legal costs recovered £200,000; and stock adjustments relating to prior years £133,000, leaving £394,000.

The directors say that the increase in turnover has required more working capital during 1976-77 but tight cash flow management financed this without any additional bank facilities.

The capital investment programme reached £9.5m. in 1976-77 which exceeds the average £7m. spent in the three preceding years. These sums are they feel a reflection of the opportunities that exist within the group for organic profit growth through process improvement and the introduction of new products.

W. Canning up to £0.75m.

ELECTRICAL AND mechanical engineers, W. Canning announces profits ahead from £605,000 to £751,000 for the half year to July 3, 1977, before tax of £391,000 against £320,000. Sales rose 28 per cent. to £15.32m.

The directors expect that the full year results will show further progress over the £1.24m. surplus achieved for 1976.

First half earnings were stated to be up from 2.6p to 3.3p per 25p share. The net interim dividend is stepped up to 1.3p (0.44p) costing £162,000 (£47,520), to reduce disparity and a supplementary 0.04179p is to be paid in respect of 1976 following ACT reduction—a 3.526p (3.157p) total is forecast for 1977.

The engineering activities are making a valuable contribution towards profits, say the directors, however, some two-thirds of the group business is now in specialised chemicals and other consumable supplies to industry.

Although this business is steadily growing and a significant proportion of group sales are either exported or manufactured overseas, the group is still dependent for its overall profit performance on the general level of industrial activity in the U.K.

The capital investment programme initiated at the beginning of 1976 is being completed to schedule, they add, while the extension to the main engineering company is now in operation and a new distribution centre will be completed by the end of the year.

During the year, the company formed new operating subsidiaries in France and Germany. Although these activities involve heavy initial costs, and management effort, the directors confidently expect that in the long term the new companies will significantly assist export sales to these markets.

The company has purchased 25 per cent. of the capital in Elga Products, during the period for a consideration of £200,000, it is stated.

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BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Ash and Lacy, Bourne and Hollingsworth, John Finlan, Firmin, Hunting Gibson, Moorhouse and Brook, Newman Industries, Pearson Longman, S. Pearson, Provident Life London, Scottish Television, Tanganyika Concessions, Wearwell.

Finals—Lake and Elliot, J. and J. Makin Paper Mills, Richards (Leicester).

FUTURE DATES

Interims—	
Alginate Industries	Oct. 20
BSG International	Oct. 24
Gerrard and National Discount	Oct. 13
Hambro Life Assurance	Oct. 17
London and European Group	Oct. 11
Marshall's Universal	Oct. 18
Mothercare	Oct. 17
North (M.F.)	Oct. 19
Western Motor	Oct. 12
Finals—	
Mitchell Cotts Transport	Nov. 3
Rediffusion Television	Oct. 19
U.U. Textiles	Oct. 11
United Real Property	Oct. 10

Capseals beats forecast

With sales rising from £15.32m. to £18.04m. in 1976-77 profits of Capseals, a 51 per cent. owned subsidiary, expanded from £0.62m. to £1.46m., compared with the interim forecast of £1.2m.

The directors say that while the group has made an encouraging start to the current year there is constant pressure on margins in both home and export markets. At present they expect the year's results to show some improvement.

Earnings per share are shown to be up from 2.62p to 5.85p. The dividend is increased from 1.5455p to 1.7262 net, with a final of 0.9952p.

During the year there was a sustained increase in demand. After eliminating from 1975-76 the effect of those companies no longer trading, total sales in the year increased by 32 per cent.

Substantial investment has taken place in both fixed and working capital, but despite this bank and other interest amounted to only £68,000 (£79,000). The directors feel that the group has fully adequate resources to finance the planned level of trade in the foreseeable future.

The closure of the group's paper making subsidiary, Grove Mill Paper Co. is now complete. Full provision for tax on possible future losses after 1975-76 was made in that year's accounts and the final write off which has been made in 1976-77 has had no effect on the results.

The directors have decided to write off in the accounts the premium arising on the acquisition of shares in subsidiary companies.

● comment

The results of Cope Allman broadly reflect the experiences of the industries in which it is involved. The paper and board side has doubled profits on the cyclical upturn, the engineering side has done very well on the back of increased exports and the consumer-oriented divisions have been the weakest performares. The pattern is likely to change this year, again in line with the relevant industry trends. The engineering side has already come off the top and the leisure and fashion divisions should do better from now on. The chairman reports that profits overall are level-pegging with last year in the first three months, held back by the effect of the cold summer on fashion and aerosols. But the attraction of the group lies in investment that has already been made in new packaging products, plus the opportunities which are opening up in amusement and gaming machines as more countries and U.S. states allow them in. The pay-off in these areas may not come this year but in 1978-79 and 1979-80. Meanwhile, the shares will doubtless stay at a discount to the market because of the conglomerate status but they are soundly based at 63p on an historic p/e of 5.4 and a yield of 7.6 per cent.

Malayalam slump

WITH remittances from India cut from £718,812 to £102,433 the U.K. results of Malayalam Plantations show a slump in taxable profit from £793,833 to £238,798. The U.K. contribution climbed to £138,365, against £74,521.

After tax, lower at £89,406 (£196,187), net earnings came out at £149,392 (£597,146).

As known a net second interim dividend in lieu of final, of 0.8p per 10p share is to be paid on October 14 for a total of 1.15p (1.1125p). On September 15, 1977, under a scheme of arrangement, members exchanged their shares for an equal number of shares in Malayan Plantations (Holdings)—a new company formed to segregate U.K. and Indian interests.

	1976-77 £	1975-76 £
Remit. from India	102,433	718,812
U.K. earnings	136,365	74,521
Pre-tax profit	238,798	793,333
Taxation	89,406	196,187
Net profit	149,392	597,146
Dividends	319,874	397,512
From gen. reserve	150,000	†200,000
Carried forward	96,192	99,374

† To reserve.

In India profit jumped to Rs.86m. (Rs.24m.) before tax of Rs.62m. (Rs.23m.) Turnover was ahead from Rs.143m. to Rs.202m. with the net proceeds of sales and stock of tea advancing to Rs.156m. (Rs.93m.) and of rubber falling to Rs.46m. (Rs.50m.).

Prestwich halved after debt provision

Pre-tax profit of nuts and bolts maker Prestwich Parker was halved from £350,058 to £174,465 in the June 30 year after a £99,602 (nil) provision for doubtful debts.

Tax takes £86,624 (£180,345), leaving a net profit of £87,841 (£169,713). The final dividend is unchanged at 2.1875p per 25p share leaving a steady 3p net total.

Norman Hay improves at halftime

Electro-plating engineers Norman Hay show an advance in pre-tax profit from £170,000 to £218,000 on sales up £0.57m. at £1.74m. for the first half of 1977.

Owing to industrial fluctuations it is difficult to forecast the full time result but the directors hope that progress will be continued in the second half, says Mr. Norman Hay, the chairman.

The extension to the Borough Plating plant will soon be completed and export business is developing satisfactorily and promises to become a significant part of turnover, he adds.

Earnings per 10p share were better at 2.6p (2.05p) and the net interim dividend is raised to 1p (0.7p). The chairman has waived his rights on 814,034 shares. Last year a total of 1.885p was paid from profit of £345,000.

After tax of £114,000 (£88,000) the attributable total for the half-year was £104,000 (£82,000).

NOTICE OF REDEMPTION

to the Holders of

Curacao Tokyo Holding N.V.

10¼ Per Cent Guaranteed Notes Due 1981

NOTICE IS HEREBY GIVEN that Four Million Dollars ($4,000,000) principal amount of the CURACAO TOKYO HOLDING N.V. 10¼ Per Cent Guaranteed Notes due 1981 and bearing the following serial numbers have been drawn for redemption on November 15, 1977, at the redemption price of 100% of the principal amount thereof.

COUPON BONDS

906	1831	2801	3711	4664	5581	6514	7483	8472	9388	10330	11258	12215	13125	14046	14999	15926	16879	17941	19778	
9[illegible]	1835	2804	3716	4667	5586	6520	7486	8474	9391	10333	11261	12219	13127	14051	15004	15929	16882	17951	19792	
916	1838	2808	3720	4671	5592	6525	7493	8482	9396	10339	11265	12222	13130	14056	15007	15935	16887	17962	19796	
920	1848	2815	3724	4677	5597	6529	7496	8487	9401	10343	11271	12229	13135	14060	15013	15939	16891	17970	19803	
9[illegible]	1848	2816	3729	4682	5601	6533	7501	8492	9405	10350	11275	12234	13141	14065	15020	15943	16895	17980	19813	
932	1852	2822	3733	4685	5606	6537	7504	8496	9408	10353	11276	12239	13143	14069	15024	15943	16902	17989	19825	
937	1855	2824	3739	4689	5610	6541	7511	8503	9413	10357	11284	12243	13147	14075	15027	15952	16907	18000	19829	
941	1861	2833	3742	4694	5614	6547	7517	8509	9417	10361	11289	12249	13152	14078	15033	15959	16912	18008	19841	
947	1865	2836	3747	4701	5620	6550	7520	8513	9421	10367	11296	12255	13159	14084	15036	15964	16917	18019	19846	
952	1870	2839	3751	4704	5624	6555	7522	8516	9424	10372	11298	12258	13161	14088	15039	15968	16919	18027	19859	
955	1873	2842	3758	4709	5630	6560	7531	8523	9428	10377	11304	12261	13165	14093	15043	15973	16925	18036	19864	
960	1880	2851	3761	4716	5636	6566	7537	8529	9433	10381	11309	12268	13169	14096	15051	15979	16929	18045	19876	
968	1885	2856	3766	4720	5641	6570	7541	8532	9437	10388	11315	12272	13175	14102	15054	15983	16936	18056	19880	
972	1890	2858	3768	4723	5645	6574	7542	8534	9440	10392	11316	12278	13178	14106	15057	15987	16939	18064	19893	

The Notes called for redemption will become due and payable on November 15, 1977 at the full principal amount. The Holders of the above notes should present and surrender them on November 15, 1977 with the November 15, 1978 and subsequent coupons attached at the office of The Bank of Tokyo Trust Co., 100 Broadway, New York, New York U.S.A. 10005 or 20/24 Moorgate, London EC2R 6DH, England, or at the offices of the Bank of Tokyo, Ltd. in Paris, Brussels, Frankfurt and Milan, or at the office of The Bank of Tokyo (Holland) N.V., 2nd Floor, AMEV Building, Amstel 344, Amsterdam 1004, or the Banque International a Luxembourg S.A., 2 Boulevard Royal, Luxembourg. Coupons payable on November 15, 1977 should be detached and collected in the usual manner.

Interest on the Notes so called for redemption will cease to accrue from and after the redemption date, to wit, November 15, 1977.

THE BANK OF TOKYO TRUST COMPANY
as Fiscal Agent

October 7, 1977

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, October 5. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of October 6 at 11.00 a.m.
3 months 7 7/16   6 months 7 5/8

SDR1=US$1.16648

Country	Currency	Value of DLR
Afghanistan	Afghani (o)	45.00
Albania	Lek (m)	3.7474
Algeria	Dinar (o)	4.1413
Andorra	Fr. Franc	4.9836
	Sp. Peseta	84.4136
Angola	Kwanza	
Antigua	E. Caribbean $	2.7025
Argentina	Ar. Peso	476.50
Australia	Australian $	0.9004
Austria	Schilling	16.4350
Azores	Port. Escudo	40.05
Bahamas	Ba. $	1.00
Bahrain	Dinar	0.3966
Balearic Is.	Sp. Peseta	84.4150
Bangladesh	Taka	15.3630
Barbados	Barbados $	2.0050
Belgium	B. Franc (m)	35.8475
Belize	B. $	2.00
Benin	C.F.A. Franc	244.65
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.8300
Bolivia	Bolivian Peso	20.00
Botswana	Pula	0.8275
Brazil	Cruzeiro	14.9750
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4560
Burma	Kyat	7.2838
Burundi	Burundi Franc	90.00
Cameroon Rp.	C.F.A. Franc	244.65
Canada	Canadian $	1.0789
Canary Is.	Sp. Peseta	84.4150
Cape Verde Is.	Cape V. Escudo	40.3550
Cayman Is.	Cay. Is. $	0.8350
Cen. Af. Rp.	C.F.A. Franc	244.65
Chad	C.F.A. Franc	244.65
Chile	Peso	24.36
China	Renminbi Yuan	1.8411
Colombia	Col. Peso (m)	37.2050
Comoros Is.	C.F.A. Franc	244.65
Congo (B'ville)	C.F.A. Franc	244.65
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7800
Cyprus	Cyprus £	0.4070
Czechoslovakia	Koruna (m)	5.8500
Denmark	Danish Krone	6.1410
Djibouti Rp. of	Djibouti Franc	167.6311
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Domin. Peso	1.00
Ecuador	Sucre (o)	24.8780
Egypt	Egyptian £ (o)	0.3913
El Salvador	Colon	2.50
Ethiopia	Birr	2.0653
Eq'tl Guinea	Peseta	84.4150
Falkland Is.	Falkland Is. £*	1.7573
Faro Is.	Danish Krone	6.1410
Fiji Is.	Fiji $	0.9150
Finland	Markka	4.1505
France	French Franc	4.9830
Fr. C'tyle Af.	C.F.A. Franc	244.65
Fr. Guiana	Local Franc	4.9830
Fr. Pac. Is.	C.F.P. Franc	89.8895
Gabon	C.F.A. Franc	244.65
Gambia	Dalasi	2.2782
Germany (E)	Ostmark (o)	2.3045
Germany (W)	Deutschemark	2.3045
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.7573
Gilbert Is.	Aust. $	0.9004
Greece	Drachma	36.33
Greenland	Danish Krone	6.1410
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.9830

Country	Currency	Value of DLR
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rp.	Sily	21.80
Guinea Bissau	Peso	40.05
Guyana	Guyanese $	2.55
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.6300
Hungary	Forint (m)	39.17
Iceland	I. Krona	208.65
India	Ind. Rupee	8.8300
Indonesia	Rupiah	415.00
Iran	Rial	70.56
Iraq	Iraq Dinar	0.2950
Irish Rep.	Irish £*	1.7573
Israel	Israeli £	10.3163
Italy	Lira	881.25
Ivory Coast	C.F.A. Franc	244.65
Jamaica	Jamaica $ (†)	1.2315
Japan	Yen	266.32
Jordan	Jdn. Dinar	0.3330
Kampuchea	Riel	
Kenya	Ken. Shilling	8.2813
Korea (Nth)	Won	0.94
Korea (Sth)	Won	484.00
Kuwait	Kuwait Dinar	0.2863
Laos	Kip Pot Pol (o)	200.00
Lebanon	Lebanese £	3.1000
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	2.3325
Luxembourg	Lux. Franc (m)	35.6475
Macao	Pataca	5.0450
Madeira	Port. Escudo	40.05
Malagasy	MG Franc	244.65
Malawi	Kwacha	0.8837
Malaysia	Mal. Ringgit	2.4520
Maldive Is.	Mal. Rupee	3.9250
Mali Rep.	Mali Franc	489.30
Malta	Maltese £	0.4186
Martinique	Local Franc	4.9830
Mauritania	Ouguiya	45.6500
Mauritius	M. Rupee	6.6125
Mexico	Mexican Peso	22.6530
Miquelon	C.F.A. Franc	244.65
Monaco	French Franc	4.9830
Mongolia	Tugrik (m)	3.3353
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.4600
Mozambique	Moz. Escudo	33.1975
Nauru Is.	Aust. $	0.9004
Nepal	Nepalese Rupee	12.50
Netherlands	Guilder	2.4470
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.9004
	Fr. Franc	
N. Zealand	N.Z. $	1.0309
Nicaragua	Cordoba	7.0325
Niger Rp.	C.F.A. Franc	244.65
Nigeria	Naira	0.6513
Norway	Nrwg. Krone	5.4885
Oman, Sultanate of	Rial Omani	0.3457
Pakistan	Pkst. Rupee	9.9078
Panama	Balboa	1.00
Papua N.G.	Kina	0.7896
Paraguay	Guarani (m)	126.00
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3415

Country	Currency	Value of DLR
Peru	Sol	88.85
Philippines	Ph. Peso	7.3930
Pitcairn Is.	NZ $	1.0309
Poland	Zloty (m) (o)	19.16
Portugal	Port. Escudo	40.05
Port. Timor	Timor Escudo	40.05
Principe Isle	Port. Escudo	40.05
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9515
Reunion Ile de la	French Franc	4.9830
Rhodesia	Rhd. $	0.6307
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	£ Sterling*	1.7573
St. Lucia	E. Caribbean $	2.7025
St. Pierre	C.F.A. Franc	244.65
St. Vincent	E. Caribbean $	2.7025
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	881.25
Sao Tome	Port. Escudo	40.05
Saudi Arabia	Ryal	3.4985
Senegal	C.F.A. Franc	244.65
Seychelles	S. Rupee	7.3853
Sierra Leone	Leone	1.1361
Singapore	Singapore $	2.4560
Solomon Is.	Australian $	0.9004
Somali Rep.	Som. Shilling	6.2930
Sth. Africa	Rand	0.8695
	[illegible]	0.8695
Spain	Peseta	84.415
Span. Ports in N. Africa	Sp. Peseta	84.415
Sri Lanka	S.L. Rupee	8.4800
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.785
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.8185
Switzerland	Swiss Franc	2.3325
Syria	Syria £	3.9250
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.2913
Thailand	Baht	20.40
Togo Rep.	C.F.A. Franc	244.65
Tonga Is.	Pa'anga	0.7894
Trinidad	Trin. & Tob. $	2.4050
Tunisia	Tunisian Dinar	0.4244
Turkey	Turkish Lira	19.25
Turks & C's	U.S. $	1.00
Tuvalu	Australian $	0.9004
Uganda	Ug. Shilling	8.2913
Utd. Ab. Emir	UAE Dirham	3.9263
Utd. Kingdom	£ Sterling*	1.7573
Upper Volta	C.F.A. Franc	244.65
Uruguay	Urug. Peso (m)	5.1625
USSR	Rouble	0.7235
Vatican	Italian Lira	881.25
Venezuela	Bolivar (m)	4.2937
Vietnam (N)	Dong (m) (o)	2.2660
Vietnam (S)	Piastre (o)	1.5590
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.6862
Yemen	Ryal	4.5470
Yugoslavia	New Y. Dinar	18.4401
Zaire Rp.	Zaire	0.8572
Zambia	Kwacha	0.7962

(†) Jamaica 2-tier system introduced April 26, 1977.

For further information please contact your local branch of the Bank of America.

LEGAL NOTICES

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of October 1977.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be send by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of October 1977.

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COMPANY NOTICES

THE KOREA DEVELOPMENT BANK
8¾% GUARANTEED BONDS DUE 1979

Bondholders are reminded that Coupon No. 1 becomes payable on 1st November 1977. Payment will be made subject to the deduction of Income Tax (if applicable) at the appropriate rate, upon presentation of the Coupon at the offices of The Fiscal Agent or The Paying Agent.

Bondholders who wish to elect to receive payment of the Relevant Amount in U.S. Dollars in accordance with clause 5c in the Terms and Conditions of the Bonds should notify such intention in writing to The Fiscal Agent or The Paying Agent prior to 18th October, 1977.

The United Bank of Kuwait Limited.
3, Lombard Street,
London EC3V 9DT.
Paying Agent

London 7th October 1977.

AMALGAMATED TIN MINES OF NIGERIA (HOLDINGS) LIMITED

The Transfer Books will be closed on 1st and 2nd November, 1977.

L.E.T. HOLDINGS LIMITED

A DIVIDEND has been DECLARED of 2.12036p per share payable to the holders of Ordinary Shares registered on 23rd September 1977 and to holders of Coupon No. 107 attached to Ordinary Share Warrants to Bearer. The dividend will be paid on 7th October 1977. Coupons must be lodged with Charter Consolidated Limited, Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ, where listing forms can be obtained.

By Order
O. J. PHILLIPS,
Secretary.

St. Martin's House,
15 St. Martin's-le-Grand,
London EC1A 4EP.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

ONTARIO & QUEBEC RAILWAY COMPANY 5% DEBENTURE STOCK

In preparation for the payment of the half-yearly interest payable on 1st December next, the Debenture Stock Transfer Books will be closed at 3.30 p.m. on 1st November and will be re-opened on 2nd December, 1977.

R. H. PAUL,
Deputy Secretary.

8, Waterloo Place,
Pall Mall,
London SW1Y 4AN.
7th October, 1977.

ULTRAMAR COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the 7% Unsecured Loan Stock 1978/78 Transfer Books of the Company will be closed from the 17th to 30th October, 1977, both dates inclusive.

By Order of the Board
RUSSELL LIMEBEER, Secretaries.
6th October, 1977.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% First Debenture Stock 1977/80 of this Company will be closed from 1 to 14 November, 1977, both dates inclusive.

E. S. KIRK, Secretary.

Victoria Street,
London, S.W.1.
6 October, 1977.

Public company wishes to extend its interests in agricultural market by acquisition of companies operating in the field of:—

Buildings
Machinery (Manufacturing and/or agenting)
Special applications, including effluents and sludge disposal.

There must be proved record of profitability to levels above £100,000 and continuity of management strengths to permit further growth.

Reply in strictest confidence to:
Box G.730, Financial Times,
10, Cannon Street, EC4P 4BY.

BIDS AND DEALS

NEB takes interest in software company

For £1.25m. cash Simon Engineering has disposed of the capital of its computer software subsidiary—Systems Programming—to NDC Systems SA, an associate of National Datacenter Corporation, one of Canada's largest computer bureaux and service companies, and the National Enterprise Board.

The acquisition has been made through a holding company—Systems Programming Holdings. As a result, the NEB owns 50 per cent. of the dividend bearing non voting shares of SPH for which it has subscribed £600,000 and will provide the company with loan facilities of £0.5m. Through a second class of shares the NEB will hold 30 per cent. of the voting control.

Since its acquisition by Simon seven years ago, SPL has emerged as one of Europe's leading software companies and has developed with Simon's mainstream business activities, therefore, in order to realise SPL's full potential, Simon, in consultation with the management of SPL, decided to sell its holding to shareholders more committed to software development.

T. J. SMITH BUYS

T. J. & J. SMITH, manufacturer of Dataday diaries and other stationery products, has acquired the wholesalers and manufacturing company Castell Larby of St. Cross Street, Hatton Garden.

The acquisition of Castell Larby (from Graphis Holdings) is expected to boost Smith's turnover by £1.2m. next year.

PARK PLACE STAKE SOLD

British Car Auctions has sold out of its entire 13 per cent. holding in Park Place Investments, the management consultancy and financial services group. It was announced yesterday that BCA had disposed of a block of 400,000 shares following an earlier tranche of 300,000 at the beginning of the week.

The shares, which were acquired by BCA last January, have been sold through the market and it is not yet known whether they have passed into the hands of one or more buyers. Park Place shares ended 1p higher yesterday at 31p, which is roughly double the January level.

BATH & PORTLAND

Bath and Portland Group has bought G. Applegate and Sons and Curwen and Newbery, both private companies of Westbury, Wiltshire, for £353,000.

Applegate carries on the business of heating and ventilating contractors, while Curwen and Newbery develops and manufactures heating equipment, including heat regenerators. Pre-tax profits for the two companies for the year ended March 31, 1977 amounted to £115,216 and their net assets at that date amounted to £697,371.

The consideration has been satisfied by the issue to the vendors of 620,155 new Ordinary shares and £335,000 cash. The latter has been partly satisfied by the issue of two Bills of Exchange for £100,000 and £144,000 payable at 120 and 180 days respectively.

Peachey still rejects

Allied London's formal offer document for the Peachey Property Corporation, contained no surprises, and was greeted by swift rejection from Peachey's Board which commented that "the offer of 35p is totally inadequate."

The terms offered are 35p in cash for each Ordinary share and 39p per share for each Preference.

If successful the bid will cost Allied London £11.3m. in cash which the document states "will be provided out of our present cash resources and out of medium term bank facilities which have been made available to us."

Hill Samuel yesterday refused to say which bank or group of banks had supplied the facilities but stressed that it was "a normal banking transaction."

Allied London is capitalised on the market at £6.2m. following yesterday's 1p rise in the shares to 35p. As at September 9 it had cash and deposits of £1.46m. and borrowings of £3.37m.

In the letter to Peachey's shareholders, Allied stresses the poor profit record of Peachey "over the last few years" which led to a £2.8m. pre-tax loss for the six months to last December. It also reminded shareholders that there was no dividend for this period.

Peachey's defence has centred on its asset value. A full revaluation of the property portfolio is now under way and Peachey said yesterday that it will be "completed shortly."

Allied London holds 6.2 per cent. of Peachey's shares following the completion of the purchase of the 1m. stake owned by the late Sir Eric Miller.

SRE WILL STEP UP TERMS

SRE Electronics is to revise its offer for British Electronic Controls following the increased bid for the company from the Seton Trust acting on behalf of Derriron.

Shareholders have been advised by Williams Glyn acting for SRE, that SRE is "considering the present position and will be writing to you shortly with its revised proposals." In the meantime it advises shareholders to take no action.

GREENFIELD MILLETTS

Greenfield Milletts' spells out the effects of its recent £730,000 sale and leaseback deal with ICL's pension fund in a circular sent to shareholders yesterday.

Mr. R. I. Greenfield, the group's chairman, notes that sale proceeds from the Southend property along with £240,000 raised in GM's recent rights issue, will be used to fund an expansion programme underpinning his view that "the longer term prospects of the group are most encouraging."

ARMSTRONG EQUIPMENT

Armstrong Equipment has bought around 98.3 per cent. of Ormond Engineering for approximately £402,000. This is to be satisfied by the allotment of 634,027 Ordinary shares, at a price of 63½p, which have been placed by James Capel in conjunction with Margetts and Addenbrooke.

Armstrong has agreed to purchase for cash the remaining 1.7 per cent of Ormond for completion when the relevant exchange control permission has been received.

Ormond's net assets as at December 31, 1976, were approximately £937,000.

UKO/WILLMOTTS

The offer made by UKO International for Willmotts (Investments) has now been accepted by all Ordinary holders. Consideration has been satisfied by the issue of 332,538 Ordinary shares of UKO, ranking the interim dividend in respect of the year ending March 31, 1978.

The offer for the 10 per cent. cumulative Preference shares has been accepted by all holders; the consideration has been satisfied by 70p per share cash.

KINGSIDE INV.

Scottish Amicable Life Assurance Society has bought a further 63,000 shares in Kingside Investment, thus raising its total stake to 1,235,000 shares, which represents 13.7 per cent. of the equity.

A spokesman for Scottish Amicable said yesterday that the holding was not "strategic", though it did reflect a general interest in the investment trust sector because of the heavy discount.

MIDLAND BANK

The Midland Bank Group has further extended its international marketing activities through the acquisition for U.S.$12½m. of XM Corporation of New York. The purchase is being made through Midland subsidiary, London American Finance Corporation and Midland is increasing its stake in LMFC from 52 per cent. to 75 per cent. ICFC holds the remaining 25 per cent.

CRANE FRUEHAUF

Crane Fruehauf's detailed rejection of the new offer from Fruehauf Corporation will be sent to shareholders on Monday with the interim results.

SHARE STAKES

W. Tyzack Sons and Turner—Central Manufacturing and Trading has purchased a further 30,000 Ordinary shares.

Ben Williams—Mitler, Rayner and Hayson has purchased 60,000 Ordinary shares and beneficial holding is now 77,500 (7.02 per cent.). In addition, certain directors have an interest in a further 40,000 Ordinary (3.62 per cent.).

Strong and Fisher Holdings—London Trust has purchased a further 61,000 Ordinary shares and now holds 400,000 (7.53 per cent.).

Henderson-Kenton—G. P. Eisen, a director has sold 150,000 shares held under the name M. A. Eisen. O. Hyman, a director, has sold 112,000 shares held under the name N. Hyman and J. Davis, a director, has sold 38,000 shares held in his own name.

London and Aberdeen U.S. sale

The directors of London and Aberdeen Investment Trust, now in the process of putting their company into voluntary liquidation, have reached agreement on the sale of its only large outstanding asset at a price of some 50 per cent. higher than it was expected to fetch. Andover Oil Company of Tulsa, Oklahoma, has agreed to pay approximately $14½m. (just over £8m.) for the capital of Texas Land and Mortgage Company Inc., the U.S. oil company in which London and Aberdeen has an 80.75 per cent. stake.

The price is subject to adjustment, and to a warranty provision of a maximum of $1m., but it still compares very well with the $16.5m. at which the whole company was valued when London and Aberdeen last made up its accounts. Capital gains tax on the deal is likely to amount to around £1m.

London and Aberdeen, one of the trusts in the Govett group, is going into liquidation in an attempt to eliminate the double discount penalty to which shareholders were subject on its large holding in another Govett trust, Stockholders. Sale of the Texas Land stake, expected to be completed by the end of November, will bring shareholders some 67p a share net, in addition to which there is around 12p in cash left to be distributed.

Grattan

CATALOGUE MAIL ORDER

INTERIM REPORT

1st FEBRUARY TO 13th AUGUST, 1977

TRADING RESULTS (unaudited)	28 week period 1977 £	1976 £		Year ended 31st January 1977 £
SALES	85,471,000	73,094,000	+16.9%	148,518,000
VAT	6,091,000	5,660,000		11,001,000
NET SALES	79,380,000	67,434,000		137,517,000
GROUP TRADING PROFIT	6,465,000	5,593,000		12,166,000
INTEREST PAID	375,000	208,000		498,000
PROFIT BEFORE TAXATION	6,090,000	5,385,000	+13.1%	11,668,000
TAXATION @ 52%	3,167,000	2,800,000		6,072,000
NET PROFIT	2,923,000	2,585,000		5,596,000

Sales and profits were generally up to expectations in most areas, except in ladies' fashion clothing. The disappointing sales in this area resulted in excess stocks which contributed to an exceptional stock write-down against the half-year profits. Other operating expenses during the season have been well contained.

Whilst sales from the Autumn/Winter catalogue are ahead of last year, it is difficult to forecast consumer demand for the remainder of the year.

DIVIDEND

The Board of Directors have declared an interim Dividend of 1.76p per share (1976—1.65p) amounting to £774,400 (1976—£726,000).

The Dividend will be paid on 25th November 1977, to Stockholders registered at the close of business on 28th October 1977.

By Order of the Board,
K. M. GRAY, F.C.A.,
Secretary.

Dated 4th October, 1977.

Copies of the Interim Report may be obtained from the Secretary, Grattan Warehouses Limited, Anchor House, Ingleby Road, Bradford BD99 2XG.

A record year from MAYNARDS the Confectioners LIMITED

Group Results

Year ended June	1977 £000	1976 £000
Turnover	28,687	23,687
Trading Profit	1,625	1,071
Exceptional items	(74)	48
	1,551	1,119
Taxation	792	576
	759	543
Extraordinary item	(50)	—
	709	543
Earnings per 25p ordinary share	15.5p	11.08p
Net ordinary dividend	19.3701%	17.3424%

★ Group sales another record—21% increase including a 62% advance in Export sales.
★ Trading profit is a record in the history of the Group.
★ Increased profits resulting from Confectionery manufacturing and retailing divisions.
★ Exceptional items include a transfer of £100,000 to Pension Fund.
★ The Extraordinary Item is the loss on disposal of the Canadian operation.
★ Further expansion planned in all divisions.
★ Dividend increased to the maximum permissible.

HEAD OFFICE: VALE ROAD, LONDON, N4 1PR.

Hopes rise for shopping street's revival

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

KENSINGTON High Street, London, which in the past few years has been relegated to the second division of West End shopping centres, is to have a new magnet for shoppers. Next Tuesday Marks and Spencer opens a store on part of the site which used to be occupied by Derry and Toms.

This will be followed next year by the opening of a new branch of British Home Stores on another part of the Derry and Toms site, and local traders in the area, notably the next-door House of Fraser store, Barkers, hope that the newcomers will revitalise an area which has been in a state of flux over the past few years as a result of first the closure of the two old-fashioned department stores, Derry and Toms and Pontins and secondly the disappearance of Bibas, the short-lived "revolution" in modern department store trading which took over from where Derry and Toms left off in 1973.

The new Marks and Spencer store will be one of the company's 20 largest branches and rate third in London after Marble Arch and the Lower Oxford Street store. It will have a total sales area of 50,000 square feet on two floors and sell the full range of Marks' products, including recent innovations such as toys and bone china.

The opening coincides with the formal opening of the House of Fraser's newest Army and Navy store, four miles away in Victoria. It was the House of Fraser which took over the once mighty triumvirate of department stores in Kensington—Barkers, Derry and Toms and Pontins—and, by selling two of them off, opened the way for the changes which have since taken place.

Now, only Barkers is left carrying the House of Fraser flag in Kensington and the management there admits that probably the best thing that could happen to Barkers is to have a new branch of Marks and Spencer opening right next door. It will attract shoppers and bring an element of stability to a shopping area which, in the eyes of some, has been downgraded by all the covered market developments which have sprung up there since Bibas first declared it a high fashion zone back in the 1960s.

Some of the boutiques which moved into Kensington in the wake of Bibas have done very well, turning the High Street into a slightly pale imitation of Chelsea's King's Road.

But there have been casualties. Last week one of the oldest family-owned shops, Pettits, closed its doors for the last time.

Pettits, a draper, had never really changed with the times. The shop, founded in 1886, was selling long woollen underwear and sensible vests to the last.

The opening of Marks would probably have done little to revive its trade. But the store's owners will benefit from any increase in property values which the coming of Marks and Spencer to Kensington High Street may bring.

Steel stocks down in second quarter

BY ROY HODSON

CONSIDERABLE de-stocking of steel products was taking place between April and June this year by both industrial users of steel and the stockholding companies.

Government statistics show clearly how the de-stocking movement was getting under way in the spring and summer. It has contributed to the current steel crisis.

During the second quarter of the year stocks of steel sheet fell by 11 per cent., of plate by 8 per cent., and of reinforcing bars and rods by 5 per cent.

Meanwhile consumption of steel in Britain by industry over the same period remained at 3.76m. tonnes, the same level as the first quarter of the year. The motor and construction industries were both taking less steel, while mechanical engineering was increasing its purchases.

Imperial to destroy 45m. unsold NSM cigarettes

BY OUR GLASGOW CORRESPONDENT

IMPERIAL TOBACCO has reached agreement with HM Customs to destroy nearly 45m. unsold NSM cigarettes on which they will receive a rebate of tobacco tax.

The company, whose three substitute brands have just over half of the substitute market in the U.K., is likely to lose about £200,000 on manufacturing and distributing the unsold packs.

Imperial's W. D. and H. O. Wills factory in Glasgow confirmed yesterday that the large returns received from tobacconists since the NSM launch on July 1 would shortly be destroyed.

NSM (New Smoking Material) has a shelf life of only about three months before it deteriorates through either absorbing or losing water.

It is impossible to separate the 25 per cent. substitute material from the tobacco, and therefore the whole cigarette has to be destroyed.

Rothmans and Gallagher Limited, who also launched substitutes in the U.K. in July, are understood to be facing the same problem.

The Wills official pointed out that the stocks being destroyed were less than a days production. The brands concerned are Embassy Premier, Embassy King Size and President King Size.

The retail value of the stocks to be destroyed is about £1.25m. However, after the rebate of tobacco tax, Imperial will be only about £225,000 down.

Allegation of Ulster police brutality

BY OUR BELFAST CORRESPONDENT

THE MAINLY Roman Catholic Social Democratic and Labour Party yesterday accused Mr. Kenneth Newman, Chief Constable of the Royal Ulster Constabulary, of allowing police brutality to continue unchecked and called upon Mr. Roy Mason, the Northern Ireland Secretary, to stop what it described as "a public scandal."

The SDLP said: "In spite of the rising crescendo of protests it is a fact that illegal, inhuman and obscene RUC behaviour continues."

It claimed that a new RUC interrogation centre was to be opened in Armagh within the next few weeks despite mounting public allegations of brutality.

The RUC strongly denied the accusations and said that the Chief Constable would issue a statement after studying the SDLP claims.

Reliant lifts production of Robins to 150 a week

BY PETER CARTWRIGHT, MIDLANDS STAFF

IMPROVED demand for Robin three-wheelers has lifted output at the Tamworth, Staffs, plant of Reliant Motors from 130 to 150 a week.

About one in three of a temporary night-shift on the Scimitar Estate car put on to eliminate an order backlog are being transferred, making 50 to 75 redundant.

The Robin ran into heavy stock problems which the special Jubilee model helped to dispel, and the management said yesterday it was confident of being able to hold the higher figure through the winter.

Reliant, which employs 1,300, about half the Scimitar production, was recently acquired by J. F. Nash Securities, an East Anglian investment company. Mr. Ray Wiggin, managing director, is now in Israel negotiating further business for Kitten saloons in one of the company's more promising markets.

Company chairman remanded

MR. DESMOND Francis Lyons was remanded in custody for a second week at Mansion House Magistrates' Court, London, yesterday. Mr. Lyons, said to be of no fixed address, is charged under the Theft Act 1968 with obtaining food valued at £22.50 by deception, pretending that two cheques which he presented were valid.

He is chairman of Edward Wood and Co., a publicly-quoted engineering concern which went into members' voluntary liquidation in 1969 and for which a winding up order was made in 1976 following a scheme of arrangement which came to nothing.

The company was the subject of a Department of Trade inquiry which reported last February.

P & O decision to-day on French ferry

A STATEMENT is expected to-day from P & O Ferries about the costs of operating the one ship on Normandy Ferries' Southampton-Le Havre route which sails under the French flag.

A P & O official confirmed yesterday that there were "operational difficulties." P & O will be holding a meeting later to-day to discuss these problems with its French partners in Normandy Ferries. Following the meeting, which is to be held in Paris, staff will be informed of the solution.

The proposed alternatives are laying up the ship or transferring it to British registration, which would bring its operating costs in line with the other ships in the fleet. But other solutions are being discussed.

BANK RETURNS

	Wednesday Oct. 5 1977	Inc. + or Dec. — for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,559,326	+ 3,357,152
Special Deposits	1,109,790,000	—
Bankers	227,734,324	— 244,545,403
Reserves & Other A/cs	538,174,134	+ 26,575,208
	1,918,840,834	— 214,610,449
ASSETS		
Govt. Securities	1,397,338,101	— 62,745,000
Advances & Other A/cs	381,842,691	— 137,316,022
Premises, Equip't & other Secs.	123,296,673	+ 21,735
Notes	6,344,237	— 14,506,327
Coin	318,132	— 14,775
	1,918,240,834	— 214,610,449
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,300,000,000	—
In Circulation	7,293,655,763	+ 14,506,327
In Bank'g Dept	6,344,237	— 14,506,327
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	6,346,952,091	+ 27,711,480
Other Securities	942,032,809	— 27,711,480
	7,300,000,000	

We take pleasure in announcing that the following have been admitted as General Partners effective October 1, 1977

BRUCE V. CARP

CHARLES S. McVEIGH III

Salomon Brothers

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WOOD & SONS (HOLDINGS) LIMITED
Earthenware Manufacturers

INTERIM STATEMENT (unaudited)

	Half-year ended 30th June 1977 £	1976 £	Increase	Year ended 31st December 1976 £
GROUP SALES	2,054,000	1,657,000	24%	3,616,846
GROUP OPERATING PROFIT	309,000	259,000		396,169
GROUP PROFIT BEFORE TAXATION	214,000	176,000	21%	309,692
GROUP PROFIT AFTER TAXATION	206,000	162,000	27%	193,651

"I am pleased to announce the half-yearly figures with the news that an interim dividend of 10% less income tax (.33p per share) will be paid on the Issued Ordinary Capital of the Company. Warrants will be posted to shareholders on 7th November.

Our order books are full and we expect 1977 to be another year of record achievements."

3rd October, 1977 H. FRANCIS WOOD, Chairman.

Watmoughs (Holdings) Limited
printers and publishers

RECORD HALF YEAR
1 for 3 scrip issue

	six months to 30 June 1977	six months to 30 June 1976	year to 31 December 1976
Turnover	£3 807 000	£3 264 000	£6 854 000
Profit before tax	£300 000	£180 000	£561 000
Earnings per share	6·36p	3·78p	11·82p

Outlook Demand continues at a high level for all the group's services—mail order, periodical and security printing and packaging. The directors believe that further progress can be made in the second half of the year.

Copies of the interim statement to shareholders can be obtained from the Secretary, Watmoughs (Holdings) Limited, Idle, Bradford, West Yorkshire BD10 8NL.

INTERIM REPORT

William Cook
Steel Castings for all Industries

From the statement by the Chairman—Mr. A. McT. Cook

Increased turnover is due mainly to inflation and does not show a real upturn in trade. Nevertheless, thanks to the high calibre of staff and employees, the Board faces the difficult future with quiet confidence.

SUMMARY OF RESULTS 1977

Year ended 31st March	1977	1976
Sales	£2,950,361	£2,496,622
Profit before Taxation	£243,540	£236,078
Earnings per share	4.56p	4.21p
Dividend per share	1.55p	1.33p

Report and Accounts available from The Secretary, William Cook & Sons (Sheffield) Limited, Parkway Avenue, Sheffield S9 4WA

CANNING

W. Canning Limited

Extracts from the Chairman's Interim Statement

* Sales in the first six months were 28% higher than the comparable period of 1976, whilst profits were 24% higher.
* The capital investment programme initiated in 1976 is being completed to schedule. The extension to the main engineering company is now in operation and a new distribution centre will be completed by the end of the year. During the year the company has formed new subsidiaries in France and Germany, and purchased 25% of the share capital of Elga Products Limited.
* In the absence of any deterioration in the level of activity during the latter part of 1977 it is expected that the Group results will show further progress. The Board would expect to recommend total dividends (excluding a supplementary dividend) for the year of 3.526p per unit (1976—3.157p per unit).
* An interim dividend of 1.5p per unit (1976—0.44p per unit) has been declared for the year ending 31st December 1977. A supplementary dividend in respect of 1976 arising from the change in Advance Corporation Tax amounting to 0.04179p per unit will be paid with the interim dividend. Both dividends will be paid on 1st December 1977.

Summary of Interim Results for the Year 1977

	Unaudited Half year 1977 £000	1976 £000	Audited Full year 1976 £000
Sales	15,319	11,972	24,099
Profit before Tax and Extraordinary Profit	751	605	1,244
Taxation	391	320	656
Extraordinary Profit	2	—	32
Profit attributable to Stockholders	362	285	620
Earnings per Stock Unit	3.3p	2.6p	5.4p

W. Canning Limited—Great Hampton Street, Birmingham B18 6AS
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Cranes.
Cargo handling vehicles.
Passenger conveying systems.
Rail vehicles.
Shipbuilding.

O&K

O&K since 1876.

Highlights of the report and accounts submitted by the Board of Management of O & K Orenstein & Koppel AG to shareholders at the Annual General Meeting on 1 July, 1977:

Review

Economic recovery from the downturn suffered in previous years was sluggish in 1976. In the Federal Republic progress was uneven, varying from one sector of industry to another. After a steep rise earlier in the year, production remained stationary during the second half of the year. With investment showing no overall improvement, domestic demand remained weak and the economy remained largely dependent on exports.

As a producer of capital goods with an extensive export business, the Company is intimately affected by economic developments throughout the world. Thanks to a wide range of products and increased efforts abroad, Orenstein & Koppel, in the face of fierce competition, managed once again to offset weaknesses in individual markets during the year.

Turnover rose by 16% to DM 876.1m, with exports accounting for 55% compared with 50% in the previous year. Total output again outpaced turnover and, at DM 963.1m, was 24% up on the previous year.

Group turnover, including the figures of our export company and our foreign production and distribution companies but excluding internal deliveries, rose by 17% to DM 1,050m in 1976.

At DM 855m the total of orders received by the Company was only marginally below turnover, but fell short by DM 200m of the 1975 figure which encompassed several major orders for open-cast mining equipment. 55% of orders booked in 1976 came from abroad.

Turnover in *earth-working machinery* rose by 20% to reach DM 444m during the year under review. Representing as it does 51%, it remained the largest component of turnover as a whole. The Company succeeded in maintaining its market position at home and strengthening its business abroad, particularly in large hydraulic excavators.

Shipbuilding, with a drop of 11% to 18%, failed to maintain its share of the total turnover, largely because of the incidence of delivery dates. There was no falling off in output. The order book is smaller than in 1975, since orders during the year under review were confined to a few dredgers, as a result of the unusually fierce competition that had developed throughout the world.

The *general engineering business*, which accounted for 25% of the total turnover, made encouraging progress during 1976. Turnover rose by 29% to DM 219m, largely because of the completion of major orders for open-cast mining equipment, but shipboard cargo cranes and fork-lift trucks also achieved higher growth rates. Sales of escalators did well during the year, both at home and abroad.

Turnover in *locomotives* and *rolling stock* rose during the year, but returns were unsatisfactory. There were fewer orders than in the previous year, if only because of the German Federal Railways' plans to cut the rail network and to build its own rolling stock. The Company's plants were fully employed throughout 1976, and there was a 6% increase in the labour force in order to ensure delivery on time.

The satisfactory utilisation of the Company's plants, the rise in output and the efforts it made throughout the year to keep down production costs and to strengthen its position in foreign markets, have led to a distinct improvement in results. The products mainly responsible for these results include open-cast mining equipment, shipboard cargo cranes, building machinery, ships and dredgers as well as escalators.

Finance, Profit, Dividend

Finance needed in 1976 totalled DM 168.1m, including investments of DM 37.5m, and was covered mainly by increases in reserves and depreciation of DM 31m. The trading surplus for the year, after an appropriation of DM 4m to the voluntary reserves, totalled DM 8.4m and the whole of this was used for the distribution of a dividend of 14% on the share capital of DM 60m.

Staff

The number of people employed during the year rose by 539 to reach a total of 9,054 on 31 December, an increase of 6% over the previous year. Foreign workers accounted for 13.2%. The number of training places was raised by 3% to 508 during the year. Wage and salary scales were raised by 5.4% on 1 January, 1976, and expenditure under this head rose from DM 229.6m in 1975 to DM 264.5m last year.

Prospects

At the beginning of 1977 the order book exceeded DM 900m, mostly in the form of long-term contracts. These orders, coupled with the expected revival of demand for the Company's products, particularly from abroad, are likely to ensure full employment for the Company's plants and their present work force beyond the middle of the year.

In July this year the issued capital of the company was increased by DM 12m to DM 72m at a price of DM 200 per share, the authorised capital by another DM 18m.

		1976	1975	1974	1973	1972
Turnover	DMm.	876.1	757.9	691.6	664.0	622.0
Export ratio	%	55	50	45	42	31
Total output	DMm.	963.1	779.1	696.5	703.0	642.2
Group turnover*	DMm.	1,050.0	900.0	820.0	760.0	720.0
Wages and salaries	DMm.	315.3	271.4	251.9	230.9	203.0
Employees		9,054	8,515	9,600	9,700	9,650
Investment	DMm.	37.5	25.8	46.9	42.0	36.0
Depreciation	DMm.	30.3	25.2	24.4	25.5	26.2
Depreciation as % of investment		80.8	97.7	52.1	60.9	72.8
Share capital	DMm.	60.0	60.0	60.0	60.0	50.0
Reserves	DMm.	62.0	58.9	56.4	55.9	43.4
Trading surplus	DMm.	12.4	8.8	6.0	10.1	10.0
Total dividend payments	DMm.	8.4	7.2	6.0	7.7	7.0
Dividend	%	14	10+2**	10	14	14

* Turnover of O&K Orenstein & Koppel AG including turnover in domestic and foreign distribution—and production companies excluding reciprocal deliveries.
** 2% Bonus on the occasion of the company's 100th anniversary.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

WEST GERMAN BREWERIES

A local triumph

BY GUY HAWTIN

WEST GERMANY is the brewing industry's largest market in the European Community. But, for all its size, it has never produced a giant to compare with the British brewing majors.

Not only that, the big British breweries who were enthusiastically eyeing the West German market in the early 1970s have an amazingly low profile here. Grand Metropolitan, through its Watney Mann interests, owns 76 per cent. of a brewery that is fairly large by the Federal Republic's standards, but the British presence in the market is largely confined to the retail end—in hotels and restaurants.

This is all the more surprising because in 1973, the big British brewers were predicting that they had a bright future in the West German Market. Indeed, there was no reason for the casual observer to doubt this, as the British majors had moved swiftly and confidently into the Belgian and Dutch markets, both of which had well-established brewing industries and populations with a high per capita consumption rate.

British commentators were confidently asserting that the time was now right to crack the German market. There was no doubt, it was said, that West Germany was set on the same path which took the British industry from a small-time local affair to a situation where half-a-dozen or so giants dominate the sector.

Watney Mann, after buying into Stern Brauerei Carl Funke, one of the 10 largest concerns in the industry, made it clear that it believed that rationalisation was on the way. An executive in 1973 said: "Rationalisation is inevitable. But you must be prepared to take a 10 year view because it will not happen overnight."

The Bayerische Hypotheken und Wechsel Bank and the Dresdner Bank had just put together the Dortmunder Union-Schultheiss concern, which controls some 15 per cent. of the market. However, since then there has been no major merger in the industry despite sluggish sales among the leading brewers.

How could the normally acute British brewers have been so wrong? The answer is that they failed to appreciate the intensely local nature of the West German brewing industry and the innate conservatism of the West German drinking public.

The country has a very large number of brewers—around 1,800—and fewer than a quarter have an output of more than a million hectolitres a year. This, to coin a phrase, is very small beer. Added to this, the growth in beer sales has been very slow in recent years—possibly because the market is already fully provided for and partly because wine is becoming increasingly popular, particularly among those who are figure-conscious.

Last year, which produced one of the hottest summers on record, the sales by value of Dortmunder Union-Schultheiss actually fell from 1975's DM 1.126bn. to DM1.222bn (£227m.) despite an increase in prices. The company blamed the price increase for the substantially lower volume.

Henninger, the large Frankfurt-based brewery, was happy to report a 1.5 per cent. increase in 1976 beer production which totalled 2.07m. hectolitres. Overall group output went up 2.9 per cent. to 3.57 hectolitres, but

There is a rising chorus of complaint in the U.K. that the giant brewing concerns have reduced consumer choice by almost completely eradicating small local breweries producing beers with local tastes in mind. Consumers in Germany show no signs of letting this sort of thing happening there, as at least one of the British majors is finding out.

it was really increased soft drinks sales that pushed group turnover up to DM485m.

One of the factors limiting the West German breweries' room to manoeuvre is the local attachment to the local style beer. In Cologne they drink "Koelsch," but in Duesseldof, only a few miles up the road, the local brew is "alt"—a rich, dark old ale—and few dedicated beer drinkers there would give a thank you for a glass of light "Koelsch."

This strong attachment to locally-produced beers makes things very difficult for the brewer eager to benefit from the economies of bulk production. There is no room for short cuts in the production of local-style beers as the recipes and production methods are laid down in State or local authority ordinances. No beer can be sold as "Koelsch," for example, unless it is brewed strictly according to the regulations.

Naturally there is still some cross fertilisation Dortmunder's products circulate reasonably widely outside the Dortmund area. However, Henninger's products are relatively unknown outside Hessen and British tourists who ask for a Löwenbräu outside Bavaria are likely to be met with a blank stare.

A further factor that appears to be inhibiting the growth of potential brewing giants is the emergence of discount "drink markets." The bulk of German beer drinking is done at home rather than in the pub and increasingly the "drink markets"—little more than a small warehouse in most cases—seem to be picking up a good deal of trade from the supermarkets, probably the largest outlets.

The most enterprising of the "drink markets" have built up trade by carrying a large selection of regional beers, often from small breweries able to offer lower prices than the larger breweries. The supermarkets are, more and more, adopting a similar policy in order to compete, and, in this way, the smaller concern seems to be getting a bigger bite at the market.

It is significant that Watney Mann to-day no longer talks about expansion in the same way that it did in 1973. Rationalisation has taken place within the Stern Brauerei Carl Funke operation, but there has been no expansion through further acquisitions.

A Watney spokesman said the Stero acquisition has been a considerable success for the group. Capital investment, coupled with the closure of smaller, less efficient, breweries, has made production much more efficient, while the sales force has been restructured to operate more effectively. Profits last year stood at a record high.

"We used to think that it was good to be big," said the spokesman. "To-day we think it's good to be small" . . . a case, perhaps, of cutting the coat to fit the cloth.

Printemps axes new store

By David Curry

PARIS, Oct. 6.

RATHER THAN accept continued losses of around Frs.20m. (£2.2m.) a year the Printemps stores group has decided to shut down completely the department store it opened only three years ago at the Creteil new town development east of Paris.

The group, which has around 360 outlets and employs 22,000 people, has clocked up a considerable loss of around Frs.100m. (£12m.) over the last two years. It is controlled by the Swiss Maus group and M. Bernard Maus decreed at the beginning of this year a recovery programme aimed at amputating the worst loss-makers and putting renewed faith in the more traditional product areas, textiles and accessories.

At this time it was decided to shut down part of the Creteil store. Now, with the three years it normally takes for a big out-of-town development to become profitable elapsing, the decision has been taken to write off Creteil as a bad job.

The company can claim with some justification that it is the victim of the grandiose dreams to make Creteil into a vast new town covering all income groups and with a solid commercial base. But since Printemps conceived its store in 1971 the whole of the second phase expansion of the town has been deferred. This has left the An Printemps store around 150,000 people short of its expected constituency while the housing developments which have taken place have been geared to lower income groups so that the store's clientele has spent less than expected.

The company notes that the closure at the end of this year fits in with the recovery programme which is aimed at restoring profits in the course of 1978. It reaffirms its faith in its commercial strategy, noting that it will open a department store in April next year at the commercial centre of Toulon la Valette under the banner Printemps 2000.

New chief at J. P. Morgan

NEW YORK, Oct. 6.

MR. ELLMORE C. PATTERSON, chairman and chief executive officer of J. P. Morgan Inc. and its subsidiary Morgan Guaranty Trust of New York, announced that at his recommendation the directors have elected a new chairman and chief executive and a new president of the companies both to take office on January 1, reports AP-DJ.

He will be succeeded, Mr. Patterson said, by Mr. Walter H. Page, who will become chairman and chief executive officer from his current position as president of the holding company and the bank.

Mr. Lewis T. Preston, now a vice-chairman, will become president.

Mr. Patterson will continue as an officer until his normal retirement date of December 31, 1978. He will serve as chairman of the executive committee, a position that will become vacant at year-end when Mr. Ralph F. Leach plans to retire as an officer and director.

* * *

MESA PETROLEUM CO. and Imperial-American Energy have agreed in principle whereby Mesa will acquire Imperial-American for $20.73 a share, or an aggregate $51 53m. cash.

The companies expect to enter "a definitive purchase agreement" by October 12. As a result, Consolidated Oil and Gas is to withdraw its $17 a share offer for 52 per cent. of Imperial-Americans.

Kredietbank rights issue

KREDIETBANK NV is proposing a one-for-ten rights issue to raise its issued capital to B.Frs.2.48bn. from B.Frs.2.26bn. at 5,300 francs per new share, Reuter reports from Brussels.

Kredietbank will put the proposal to issue 180,664 new shares to an extraordinary meeting at its Antwerp headquarters on October 19.

The Bank said the rise was needed to keep pace with expanding business.

The Bank said holders of its 5.50 per cent. 1969/1980 subordinated convertible loan stock have until November 10 to decide whether to convert their bonds into Kredietbank shares to take advantage of the rights issue, and these conversions could raise capital by another B.Frs.322,750.

The Bank's staff will also be offered 13.078 new shares at the same terms as the rights offer, which would increase issued capital by a further B.Frs.22.6m., it added.

French oil refiners disappoint

BY OUR OWN CORRESPONDENT

PARIS, Oct 6.

THE CRISIS in the European oil refining industry is illustrated by the decision of the Total group's refining subsidiary to close the first half of its financial year showing neither profit nor loss. The company made the same decision last year.

The figures for the first half of 1977 are just as dismal as those for 1976. Although about 11 per cent. more crude was refined than in 1976, sales of refined products were less than 2 per cent. better at around 15.1m. tonnes.

While turnover advanced from Frs.14.2bn. to Frs.15.5bn., thanks to higher prices, this price rise lagged significantly behind the steeper increases in the cost of crude.

Cash flow deteriorated from more than Frs.340m. to less than Frs.280m., and after depreciation of Frs.187m. (corresponding to the complete degressive amortisation of installations) the company has set provisions at the level necessary to bring the final result to zero.

The cash flow itself reflects a Frs.300m. revaluation of stocks to account for the higher crude prices applying from the beginning of this year. Without such a revaluation, the refining company would have had a negative cash flow of some Frs.17m.

Compagnie Française de Raffinage repeats the complaint common to French industry that the Government's refusal to allow higher raw-material prices to be recovered at the petrol pump is a basic cause of the continuing lack of profitability.

The gloomy tidings from the refining company come as no surprise. Compagnie Française des Pétroles, which is the parent of the Total group, and the other big French oil concern Elf-Aquitaine, are among the five European groups who sent a memorandum to the Commission in Brussels some 18 months ago, asking for EEC measures to restore order to the refining sector in the light of the severe over-capacity and the savage price-cutting, which the French blame on American companies operating out of Germany. The other companies concerned are the Belgian Group Petrofina, the Italian National Oil Group, and Veba of Germany.

The Italian and French Governments have strongly supported the companies' case, urging broadly a system of enforceable price guidelines for refined products, and controls over bringing new refining capacity onstream.

The French are renewing their pressure in Brussels to take advantage of the presumably sympathetic Belgian presidency, and to try to prevent the Commission from settling for a much looser consultation procedure, which is favoured notably by the Dutch.

Paris recognises that this will be an uphill task, since Germany will not tolerate intervention in the market (after all, the precedent with steel has been of doubtful success), and Britain is determined to preserve complete freedom of action to refine her own crude from the North Sea.

Vaba has, in fact, back-tracked somewhat from its earlier support for the memorandum in the light of the German Government's distaste for its contents. The French claim, on rather imprecise evidence, that BP is sympathetic to their case, at least in its capacity as European refiner.

Some idea of the strength French feelings was given in June by the CFP chairman, M. René Granier de Lilliac, who was explaining why both parent company and group accounts for 1976 were "the worst recorded for a very long time."

He said that margins in the Middle East had sunk virtually to brokerage fee level; that the uneconomic carriage of crude under the French flag imposed an intolerable burden on the refiners; and that prices were too low merely to reflect excess refining capacity.

In the long term, he said, such practices would "bring about the bankruptcy of all refining/marketing groups," were it not for the fact that in countries like Germany, companies with mining earnings could include operating results from the mining sector along with those from the refining and marketing sectors.

In 1976, total Group net profit slumped from Frs.721m. to Frs.166m., while the CFP share in this came out as a Frs.8m. loss against a Frs.733m. profit in the previous year.

AMERICAN NEWS

Warning from U.S. Steel

BY STEWART FLEMING

NEW YORK, Oct. 6.

IN THE face of weakening demand for steel, United States Steel is forecasting lower third quarter earnings and has warned that it is considering laying-off between 2,000 and 4,000 white collar workers.

The company, the largest U.S. steel manufacturer, accounting for around one-quarter of production, also disclosed that it plans to close its Worcester, Massachusetts, electrical cable division which employs 450 people.

Mr. David M. Roderick, president of the company, said that the company has cut back its forecasts of the nation's steel output for this year to between 92m. and 93m. tons compared with an earlier forecast of 95-96m. tons.

He said that because of the high level of imports into the U.S. and the prospective cost of pollution controls, the future of the company's Youngstown, Ohio, steelmaking plant is "quite dismal."

U.S. Steel's Youngstown plants are among the oldest steelmaking facilities in the country. Along with other facilities in the Youngstown area, they were described in a recent study by an authority on the steel industry, as "inherently turn of the century," having been originally constructed before 1920.

Commenting on the prospects for the construction of a new Greenfield steel plant at Conneaut, on Lake Erie, Ohio, Mr. Roderick said that given current cost-price relationships there would be no economic justification for building a new integrated mill at a cost of $3-4bn. However, the environmental impact statement, which is being undertaken on the prospective plant should be available by the middle of next year, he added.

The gloomy picture which Mr. Roderick paints is much in line with what others in the industry foresee. To-day, National Steel disclosed that it is laying off about 600 production, maintenance and salaried employees at the Ecorse and River Rouge plants of its Great Lakes division. The company described the lay-offs as the first of any consequence for the company, another of the largest U.S. steel manufacturers.

While there is no doubt that the industry is suffering from current depressed conditions and import competition, the gloomy news which keeps emerging maintains the political pressure on the Carter administration to find ways of helping the steel companies, whether through financial support or restrictions on imports.

American Standard upsurge

FINANCIAL TIMES REPORTER

AFTER reporting two peak quarterly results for the first half of the current year, American Standard, the largest maker of plumbing products in the U.S., expects a further upsurge in the third quarter.

The company president, Mr. William A. Marquard told Reuters in New York that he expects third quarter operating profits to rise to about $20m. from the $12.6m. of the comparable period. He expects third quarter earnings per share of between $1.30 and $1.40 compared with 69 cents previously, but points out that the recent repurchase of convertible preferred stock leaves some 16m. shares outstanding for the current period against 18.1m. last year.

He gave no news on progress on the group's bid for Clayton Dewandre Holdings, the U.K. commercial vehicle components company.

For the full year, Mr. Marquard predicts earnings "significantly above" the $70.9m. recorded in 1976. At the half-way stage, a rise of 15 per cent. in earnings to a record $46.8m. was reported. Sales, says Mr. Marquard, are showing a 10 per cent. annual increase to date and should maintain this rate throughout this year.

The third quarter improvement is attributed to a lower effective tax rate, better operating results and to substantially lower currency translation effect. The third quarter will bear the bulk of a currency translation loss for the year "in excess of $3m.," compared with a similar loss of $1.5m. previously. This year's tax loss credit of about $13m. will exhaust available tax credit.

Construction and mining equipment provides the only weak area. Orders in the heavy construction area show improvement.

Recovery at Cook

A SUBSTANTIAL recovery is reported in the first quarter of the current fiscal year by Cook Industries Inc., the Memphis-based agri-products and commodity trader which suffered heavy losses last year, reportedly in the soyabean futures market.

For the three months to August 31, Cook expects to disclose after tax income of $18m. or $4.87 a share, against a loss of $13.5m. in the comparable period, reports Reuter. The group recorded a loss of $81.1m. for the last full year to May 31, with the agri-products section responsible for much of the set-back.

Further sell-offs are disclosed by the benefit to the current quarter's operating profit of $1.1m. pre-tax gains on sales of assets of about $24m., less domestic and overseas taxes.

* * *

TENNECO INC. said it will not proceed with a previously announced proposal to acquire the Hatco group of W. R. Grace and Oxochem Enterprise, reports AP-DJ from Houston.

Tenneco said there was not any single reason for its decision not to proceed. It said it had been influenced by various uncertainties affecting the proposed merger.

Tenneco said definitive agreements have not been reached although the Justice Department said it would not oppose the transaction.

Tenneco did not disclose terms of the proposed acquisition.

Oxochem is a joint venture between W. R. Grace and Commonwealth Oil Refining.

EUROBONDS

Market continues to slide

By Mary Campbell

THE MOVE from had to worse yesterday in Eurobond prices meant some pretty sharp price mark-downs. An exception was Citicorp which held steady at Wednesday's levels of about 97¾/8¼, on the grounds, dealers said, of its short maturity.

Among the more recent issues (with prices of a week ago in brackets) the ECSC was quoted at 98¼/¾ (98¾/9¼) for the 12-year tranche and 99¼/9¾ (99/9½) for the 20-year tranche; Gotaverken at 99¾/9¾ (99½/100½) for the five-year tranche and 97¾/¼ (98/8½) for the ten-year tranche; the EEC at 98¼/⅞ (98¾/9) for the five-year tranche and the seven-year tranche at 97¾/8¾ (98/8½); and Australia at 98½/9 (98¾/9¾) for the seven-year tranche and 98¼/¾ (98¾/9½) for the 15-year tranche.

Dealers said yesterday that activity had been heavy all day. The day started with sharp falls. A gesture at short covering at lunch time faded back into further selling during the afternoon. It was apparently a typical bear market day with professionals offloading paper on each other only to find themselves being offered what were probably the same bonds again at a lower price later on from someone else.

Although the bulk of activity was concentrated among professionals, there seems to have been a steady stream of selling from retail sources, and, above all, no sign of any retail buyers at all.

A further significant feature seems to have been the development of selling of the older issues. So far this year, any bouts of a weakness in the dollar sector have tended to be seen in the more recent issues where there were still loose bonds around. The general fall-off in the past few weeks has tended to leave the older issues out of line, dealers said, and they paid for it yesterday.

English bonds were again weaker than the rest of the market yesterday.

The Yugoslav Beogradska Banka is raising $30m. of floating rate notes. The maturity is six years and the spread over LIBOR one percentage point, subject to a minimum of 8 per cent. There will be a purchase fund. Loeb Rhoades is lead manager.

U.S. move for retailer

BY MICHAEL VAN OS

AMSTERDAM, Oct. 6.

THE DUTCH retail sector's efforts to spread its wings abroad have taken on a new dimension to-day with the announcement by Vroom en Dreesmann, the country's largest department store chain, that it was moving into the U.S. market. It has acquired a minority interest (just under 20 per cent.) in the Outlet Company, in Providence, Rhode Island.

The privately owned V & D company, which had sales last year of Fls.3.4bn. and net profits of Fls.62m., said here that the acquisition marked the first step of a substantial investment programme in the area.

Prof. Anton C. R. Dreesmann, president of V & D, commented that it had not been possible to buy a larger stake in the Outlet Company because of local rules governing ownership of companies involved in the communications sector. However, there was a possibility that these activities could be separated from the company at a later stage, and that V & D could then raise its holding in Outlet. Its stake is put at $11m. in Preferential shares.

In the U.S., Outlet's president and chief executive officer, Mr. Bruce G. Sundlun, said the issue of $11m. in convertible preferred stock to V & D will pay a 5¾ per cent. dividend and be convertible into 400,000 common shares equivalent to $27½ a share, a 53 per cent. premium over the current market value of Outlet shares. He said the transaction was subject to a definite agreement.

The purchase of the convertible shares will be made by Vendamerica, a wholly-owned subsidiary of the Dutch group. The Outlet retailing operation includes 166 department, women's specialty and menswear stores between Wisconsin and the East Coast. The company also operates TV and radio stations in Orlando, Florida, San Antonio, Texas, Columbus, Ohio. Outlet is currently seeking to buy a fifth TV station in a major market.

In June this year, the group, which has several hundred outlets in Holland, announced it was taking a 25 per cent. interest in the Kuwait-based Grant Stores, illustrating its interest in breaking into the Middle East retail sector. In this context, a number of countries in the area were mentioned. V. and D.'s rival KBB-Bijenkorf, a publicly quoted department stores group, has been studying the foreign retail market for some time, but as yet has made no major moves.

Earlier this year, Ahold/Albert Heyn, the country's largest supermarket chain, which like all Dutch retail groups has traditionally been heavily oriented towards the domestic market, received considerable publicity when it announced it had taken over the American retail chain Bi-Lo, based in South Carolina. The U.S. company has sales of $400m. An "umbrella" foundation governing Ahold's foreign interests is being established in the Dutch Antilles, which has an attractive tax climate.

It was announced last month that another very large Dutch-based department stores group, C & A, failed in its bid to acquire the U.S. ladies' fashion stores group Miller-Wohl. No reasons were given, however, by the extremely publicity shy management of the family owned group.

There are a number of reasons for Dutch companies to increase their activities beyond the domestic boundaries. Population growth and growth in real disposable income have started to come down in Holland in recent years and industry has been increasingly hit by rising inflation and higher wage costs. An unpopular measure by the current Government, in this context, has been the imposition of an increased statutory minimum wage for young employees.

INTL. FINANCIAL AND COMPANY NEWS

AUSTRIAN BANKING

New venture sharpens competition

BY PAUL LENDVAI IN VIENNA

[A] POWERFUL Austrian consumer co-operatives called Konsum have decided to engage in banking on a large scale. The board of Konsum gave notice of plans to establish eight to ten branch offices in Austria. The Central Finance Institution of the co-operative movement will be renamed "Konsum-Bank," and a new administrative headquarters has just been opened in the Austrian capital.

The Konsum chain, which operates 900 retail outlets, is authorised to accept savings deposits. However, during the last few years, the growth of savings accounts has lagged behind the Austrian average, the board said, and added that between August 1976 and August 1977 deposits increased by only 8 per cent. to Sch.716m. ($25m.).

In the future, Konsum-Bank will also engage in personal loan business. It will not seek, however, to convert the chain outlets into "Mini-banks" through accepting savings deposits from customers. Instead, the co-operatives will concentrate on the opening of branch offices in the provincial capitals and important industrial centres.

It is only after the merger of all Austrian consumer co-operatives has been completed that the umbrella organisation's financial arm will be converted into a joint stock company. As the organisation has 700,000 members, it represents, of course, a tremendous potential, and the Board, in co-operation with what it called "friendly institutes," wants to offer a wider range of financial services, including possibly credit cards, to its clients.

The new venture means that the co-operative sector in Austrian banking will now include three different groups. The sector will still be dominated by the Raiffeisen agricultural co-operative banks, which claimed consolidated assets of Sch. 178bn. and savings deposits of Sch.73bn. at the end of last year. Then follow the Volksbanken, mutual banks linked mainly to small tradesmen and local industry, with an aggregate balance sheet of Sch.60bn. and savings deposits of Sch.27bn. The consumer co-operatives are latecomers, and their banking venture cannot yet be remotely compared to the size of the long-established farmers' and tradesmen's co-operatives. Nevertheless, it does sharpen competition between the joint-stock banks and the other sectors, and within the co-operative sector.

Another potentially significant development is the growing involvement of the Postsparkasse, the Postal Giro Savings Bank, in almost every form of credit business. The Postal Giro organisation, together with the Lower Austrian Mortgage Bank (Niederoesterreichische Hypothekenbank) took over a small private bank in Vienna, the Bankhaus Feichtner. Since September, Bankhaus Feichtner has operated as a joint stock company, with the Postal Giro holding 44 per cent. and the Mortgage Bank 51 per cent. of the Sch.50m. equity. The remaining five per cent. is still retained by the previous owner, who is obliged to sell his interest within ten years. Thereafter, the Mortgage Bank will have 60 per cent. of the capital and the Postal Giro the remainder.

It is understood that the Postal Giro has also completed the takeover of Appel, a hire-purchase bank which has a capital of Sch.20m. The Finance Ministry has already formally approved both the purchase of Bankhaus Feichtner and the take-over and transformation of the Appel Kundenkredit AG from a co-operative into a joint stock company. However, Appel has not yet submitted an application for a full banking permit.

The co-operation between the Postal Giro and the mortgage banks has become much closer, with the Postal Giro planning to bid for a firm quota allocation of mortgage bonds and to operate the savings deposit transactions for the mortgage banks. All this is seen here by private bankers—and not only by them—as a potentially ominous trend towards converting the Post Offices into branches of banking institutions and thus indirectly further increasing the already enormous influence of the State on Austrian banking.

Outlook for company profits

By Richard Rolfe

JOHANNESBURG, Oct. 6.

WHILE the South African stock-market continues to forge ahead, the outlook for industrial profits is still poor. Few company chairmen, reporting in corporate reviews covering the year to June 30, see anything other than a flat period immediately ahead for the company.

A number of major groups, however, have taken advantage of slack trading conditions to improve balance-sheet ratios and degear operations. The construction group Murray and Roberts is a case in point. Attributable profits slipped back R0.2m. to R12.4m. and trading conditions are expected to remain difficult for at least the next year. But the balance-sheet reveals an increase in cash held from R12.6m. to R17.4m. and the report notes that total borrowings have been reduced to 22 per cent. of shareholders funds against 35 per cent. the year before.

Murray is a member of the consortium engaged in the electrification of Soweto, a project which is likely to be extended to other townships and could provide a useful stimulus to a number of sectors of the economy, and to employment levels, once it gets underway.

Protea Holdings, a one-time glamour stock whose rating has slumped in recent years, has also been taking a hard look at itself over the past year. The report shows the debt: equity ratio down from 86 per cent. to 72 per cent., while the long-term content of borrowings has improved from 39 per cent. to 49 per cent. Return on capital, 20 per cent. last year, will improve in the current year because of the sale of several loss-making or low margin subsidiaries.

Price cutting has broken out and most South African stores groups to recently report show serious reductions in profit margins over the six months to June, 1977.

Asia dollar market expansion

THE SIZE of the Singapore-based Asia dollar market increased by $US494.8m. in August to reach a new peak of $US18.9bn. according to latest figures issued by the Monetary Authority of Singapore, reports Anthony Rowley.

This figure measures the total asset liabilities of the market, which has grown by over $US1.5bn. so far this year.

The expansion of the market in August followed a decline the previous month. Part of the August expansion was accounted for by increased interbank lending, which rose to $US14.1bn., but loans to non-bank customers also showed modest growth.

AUSTRALIAN NEWS

McIlwraith auditors protest

BY JAMES FORTH

SYDNEY, Oct. 6.

THE INTERNATIONAL accountancy firm Coopers and Lybrand has protested strongly at attempts to remove it as the auditor of leading hardware group, John McIlwraith Industries. The partners of the firm have written a letter outlining their objections and asked McIlwraith to send it to all shareholders.

Oliver-Davey Glass Industries, which recently gained 40 per cent. of McIlwraith, has given notice that it intends to move for the removal of Coopers and Lybrand as McIlwraith's auditors at the annual meeting. Oliver-Davey wants to put its own auditors, Irish Young and Outhwaite in as McIlwraith's auditors.

In the letter, adressed to McIlwraith chairman, Mr. J. T. McIlwraith, Coopers and Lybrand formally decline a request made last month that they resign as auditors to make way for Irish Young and Outhwaite.

The partners said they believed the "general shareholder body" of the company had already exercised the right of decision and had earlier expressed its view on the matter of audit appointment.

"We regard seriously our responsibilities to the full body of shareholders and to others interested in the financial statements. We do not consider that the circumstances of this request from the directors of a company, acting on a proposal from a publicly confirmed minority shareholder, is compelling reason for voluntary resignation," the letter said.

A spokesman for Oliver-Davey said it would be preferable to have the same auditor for both companies and for that firm to audit the accounts of all McIlwraith subsidiaries. At present many of the subsidiaries are audited by different firms.

Castlemaine dividend

By Our Own Correspondent

THE QUEENSLAND BREWER Castlemaine Perkins has lifted its dividend from 13 cents a share to 15 cents after a 23 per cent. increase in earnings for 1976-77. Profit rose from $A8.4m. to $A10.4m., but most of the improvement was registered in the first six months. At the half-way mark, profit was up 47 per cent., from $A4.2m. to $A6.1m., but it only edged up from $A4.2m. to $A4.3m. in the second half. Sales rose 11.4 per cent. to $A179m.

Shares issued in the recent one-for-five scrip issue do not participate in the final dividend, which is increased from 7 cents a share to 8 cents.

The Castlemaine Perkins result follows a 33 per cent. improvement in earnings reported yesterday by New South Wales brewer Tooheys.

Eastern Asia 8% bond

BY PHILIP BOWRING

HONG KONG, Oct. 6.

EASTERN ASIA Navigation, the largest quoted part of the Pao Shipping (mainly tankers) group, is to make a seven-year $HK100m. offshore bond issue. The issue had been awaited for several weeks and it was understood to be meeting problems. The coupon is 8 per cent. which on the basis of a par price is no more than the Ordinary shares are yielding, and substantially less than the redemption yield on the Eastern Asia's outstanding U.S. dollar convertible bonds.

Clearly the managers, Wardley, have had to make some concessions to market sentiment as originally a life of 10 years had been mentioned for this issue. Though the yield would be about one percentage point higher than on existing offshore H.K. dollar bond issues, it remains to be seen whether this is sufficient to overcome investment nervousness towards companies so heavily committed to oil tankers. Wardley's parent, the Hongkong and Shanghai Bank, is a shareholder in and major creditor of Pao's world-wide group, while Chase Manhattan, one of the co-managers, is also a major creditor.

Boustead Holdings

BOUSTEAD HOLDINGS Berhad and New Serendah Rubber Company have announced their purchase of the Highlands and Jebong rubber estate for a sum of ringgits15.5m. ($2.62m.) in cash. Boustead is taking up 4.82m. shares, or 70 per cent. of the total equity of HJS at a price of ringgits2.37 per share, while New Serendah is taking up 1.72m. shares, or 25 per cent. of the stake.

The remaining 5 per cent. will be retained by a member of the family of the late Heah Joo Seang, the Penang rubber tycoon.

MEDIUM TERM CREDITS

Spanish spread of 1%

BY FRANCIS GHILES

A SPANISH borrower has finally hit the 1 per cent. spread over Libor line. Enpetrol, the INI controlled oil company in which Texaco and Chevron also have a stake, is raising $35m. for seven years at a split rate of 1 per cent. over Libor for the first three years rising to 1¼ per cent. for the past four. Lead manager is Chase Manhattan Ltd.

Last year Spain borrowed $2.037bn. on the Euro currency markets. This year the country has borrowed in the first nine months $1.291bn. dollars on the same market and the Kingdom of Spain is expected in the market to raise between $400m. and $500m. before the year is out.

The Argentinian state oil company, Yacimientos Petroliferos Fiscales (YPF), is raising $250m. for seven years through a club deal which includes Bank of Montreal, Bank of Nova Scotia, Bank of Tokyo, Bankers Trust International, Chemical Bank, Manufacturers Hanover Limited, Morgan Guaranty Trust, United California Bank and Wells Fargo which is acting as agent. Terms are not yet fixed: it will be interesting to see whether this borrower benefits from the fall in spreads from which so many others are.

The money is earmarked for further oil exploration, part of a programme to make Argentina self-sufficient in energy, and to help restructure YPF's short term debt.

Just signed in London are two loans for Brazilian borrowers—the $210m. loan for Rio Metro, lead managed by European Brazilian Bank, and the $200m. for Banco Nacional de Desenvolvimiento Economico lead managed by First Chicago and Libra Bank.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	100	100½
AMEV 8pc 1987	97	97½
Australia 8½pc 1992	96½	98
Australian M & S 9½pc 1992	99½	100½
Barclays Bank 8½pc 1992	99½	100
Bowater 9½pc 1992	101½	102
Canad. N. Rwy. 8½pc 1986	101	101½
Credit National 8½pc 1986	99	99½
Denmark 8½pc 1984	101½	102½
ECS 9pc 1993	101½	102
ECS 8½pc 1997	98½	99½
EIB 8½pc 1992	100	100½
EMI 9½pc 1989	100½	101
Ericsson 8½pc 1989	100	100½
Esso 8pc 1986 Nov.	102	102½
Gt. Lakes Paper 8½pc 1984	100	100½
Hamersley 9½pc 1992	101	101½
Hydro-Quebec 9pc 1992	99½	100½
ICI 8½pc 1987	99½	100½
ISE Canada 9½pc 1986	103½	104½
Macmillan Bloedel 9pc 1992	101	101½
Massey Ferguson 9½pc '91	103	103½
Michelin 9½pc 1988	102	102½
Midland Int. Fin. 8½pc '92	100	100½
Nat. Coal Board 8pc 1987	97	97½
Nat. Westminster 9pc 1986	102	102½
Newfoundland 9pc 1989	101½	102½
Norges Komm. Bk. 8½pc '92	99½	100
Norpipe 8½pc 1989	99½	100½
Norsk Hydro 8½pc 1992	99½	100
Oslo 9pc 1988	102	102½
Ports Autonomes 9pc 1991	100	100½
Prov. Saskatch. 8½pc 1986	102	102½
[illegible] 8½pc 1987	99	99½
RHM 9pc 1992	97½	98
Selection Trust 8½pc 1989	96½	97
Skand. Enskilda 9pc 1991	101½	102
SKF 8pc 1987	97	97½
Sweden (K'dom) 8½pc 1987	99	99½
United Biscuits 9pc 1989	99½	100½
Volvo 8pc 1987 March	97½	98½
Enso Gutzeit 8½pc 1984	98½	99
Gotaverken 7¾pc 1982	98	98½
Kockums 8pc 1983	98½	100
Michelin 8½pc 1983	101	101½
Montreal Urban 8½pc 1981	100½	101½
Nat. Coal Board 8½pc 1981	102	102½
New Brunswick 8pc 1984	100	100½
New Bruns. Prov. 8½pc '83	105	105½
New Zealand 8½pc 1986	101½	102
Nordic Invest. Bank 7½pc 1984	97	97½
Norway 7½pc 1982	98	98½
Ontario Hydro 8pc 1987	98½	100½
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8½pc 1981	100	100½
Sweden (K'dom) 7½pc 1982	98½	99½
Swedish State Co. 7½pc '82	98½	99½
Telmex 9½pc 1984	99½	100½
Tenneco 7¾pc 1987 May	97	97½
Volkswagen 7¾pc 1987	99	99½
OKB 1982 8½pc	99½	99½
SNCF 1985 8½pc	97½	98
Stand. and Chart. 1984 9½pc	98½	99
Wms. and Glyns 1984 8½pc	99½	99½

NOTES	Bid	Offer
Australia 7¾pc 1984	96½	99
Bell Canada 7¾pc 1987	100	100½
Br. Columbia Hydro 7¾pc 1985	97	97½
Can. Pac. 8½pc 1984	101½	102½
Dow Chemical 8pc 1986	101½	102½
ECS 7¾pc 1982	97½	98½
ECS 8½pc 1989	98½	99
EEC 7¾pc 1982	98½	99
EEC 7¾pc 1984	97½	98½

D. MARK BONDS	Bid	Offer
Austria 6½pc 1985	103½	104½
BFCE 7pc 1987	102½	103½
Denmark 6½pc 1983	103	103½
EIB 6½pc 1984	103½	104
Grand Met. 7pc 1984	99½	100½
Hydro-Quebec 6½pc 1987	99½	100½
ICI 6½pc 1987	103½	104½
Montreal 7pc 1987	100½	101½
Norges Gas 7pc 1989	103½	103½
Norsk Hydro 6½pc 1989	103	103½
Norway 6½pc 1982	101	101½
Shell 6pc 1989	105½	106½
Spain 6½pc 1984	99½	100
Sweden 6½pc 1984	102½	103½
World Bank 6½pc 1987	101½	102½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1980 8pc	101½	102
BFCE 1984 7pc	99	99½
BNP 1982 8½pc	98	98½
CCF 1983 7pc	98½	99½
CGMF 1984 8⅜pc	97	97½
Creditanstalt 1984 6½pc	95½	95¾
Credit Lyonnais 1982 8½pc	99	99½
DG Bank 1982 6½pc	99	99½
GZB 1981 7½pc	100½	100½
Int. Westminster 1984 6pc	99½	99½
Lloyds 1983 7¾pc	100½	100½
LTCB 1982 6½pc	99½	99½
Midland 1982 8pc	102½	103
Midland 1987 6⁹⁄₁₆pc	98	98½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81	83
Ashland 5pc 1988	92	94
Beatrice Foods 4½pc 1992	95½	97½
Beatrice Foods 4½pc 1992	109½	111½
Beecham 6½pc 1992	98½	99
Borden 5pc 1992	104	106
Broadway Hale 4½pc 1987	77½	79½
Carnation 4pc 1987	82½	84½
Chevron 5pc 1988	125½	127½
Dart 4¾pc 1987	81½	83½
Eastman Kodak 4½pc 1988	89	91
Economic Labs. 4½pc 1987	80	82
Firestone 5pc 1988	85	87
Ford 5pc 1988	87½	89½
General Electric 4¼pc 1987	83	85
Gillette 4½pc 1987	78½	80½
Gould 5pc 1987	116½	118½
Gulf and Western 5pc 1988	80½	82½
Harris 5pc 1992	122½	124½
Honeywell 6pc 1986	89	[illegible]
ICI 6½pc 1992	95½	97½
INA 6pc 1997	94½	95½
Inchcape 6½pc 1992	101½	102½
ITT 4½pc 1987	84	86
Jusco 6pc 1992	103½	104½
Komatsu 7½pc 1990	103½	104½
J. Ray McDermott 4¾pc '87	140	142
Matsushita 6½pc 1990	117½	115½
Mitsubishi Elec. 7¼pc 1991	144	—
Mitsui 7½pc 1990	109½	110½
J. P. Morgan 4¾pc 1987	99½	101½
Nabisco 5½pc 1988	100½	102½
Owens Illinois 4½pc 1987	123½	125½
J. C. Penney 4½pc 1987	77½	79½
Revlon 4½pc 1987	113	115
Reynolds Metals 5pc 1988	90½	92½
Sperry Rand 4½pc 1987	85	87
Squibb 4½pc 1987	78½	80½
Texaco 4½pc 1988	82	84
Toshiba 6½pc 1990	110½	112
Union Bk. Switz. 4½pc 1987	117	118
Union Carbide 4½pc 1982	95	97
Warner Lambert 4½pc 1987	81	83
Warner Lambert 4½pc 1988	78	80
Xerox 5pc 1988	83	85

Source: Kidder, Peabody Securities.

Budget priorities and the OMB

BY RICHARD ROSE

WASHINGTON HAS concentrated enormous attention upon the personal affairs of Mr. Bert Lance, while simultaneously ignoring the work done by the organisation that he has headed: the Office of Management and Budget.

As the institutional eyes and ears of President Carter, the OMB is potentially far more important than any single Presidential adviser. It exercises Presidential oversight of how $450bn. is annually spent, and how 2.5m. Federal employees manage government.

The 700 professional staff of the OMB are the President's biggest manpower asset in his campaign to give central direction to the hundreds of bureaux, departments and agencies of the Federal government. As part of the Executive Office of the President, they serve the President, and not the departments whose spending, and alleged mismanagement, attract criticism. In terms of experience, OMB staff collectively offer the President 50 to 100 times more man-years of executive branch knowledge than does the President's personal White House staff, drawn from election campaigning or Georgia politics.

Because Bert Lance was a personal confidant of the President, his going will not disrupt the day-to-day work of OMB, in which Lance was little involved. He preferred to concentrate upon White House politics, delegating the responsibility for achieving President Carter's budget and management goals to staff in the massive Old Executive Office building next door.

The Budgeting priorities of OMB concern means such as a new technique, Zero Base Budgeting, for scrutinising established programmes, and ends (balancing the Federal budget by 1981, the start of Carter's hoped-for second term of office).

Zero Base Budgeting (ZBB) has been hailed by the President as successfully producing a comprehensive analysis of programme objectives and needs in Georgia, and improving planning and cost-effectiveness there. Old Washington hands are sceptical about whether this actually happened down South, and even more sceptical about whether entrenched spending commitments of the Federal government can be altered by any new technique.

The failure of the Johnson era's PPBS (Planning Programming Budgeting System) has made OMB anxious to assure spending departments that the new technique is different. It is not intended to force programmes out of existence, or necessarily to force cuts in existing spending. Nor could the President easily carry out such threats, for Congress holds the whip hand in determining appropriations, and programme legislation.

Initially at least busy agency officials have little time to scrutinise objectives by asking "Should we be doing this at all?" as the name Zero Base implies. The technique concentrates attention upon the minimum amount required for his programme to do any good at all. Any manager who says that his programme could not survive even a 1 per cent. budget cut is likely to be laughed down. Managers are expected to justify separately "add-on" benefits, for example, the advantages gained by increasing spending from the rock bottom minimum to current levels, and the additional advantages gained by increasing spending above current funding.

As programmes pass through a hierarchy of overseers en route to OMB, officials will be asked to rank programmes comparatively, identifying those "add-ons" that are least important and, upon occasion, identifying "add-ons" in one policy area that are more important than the basic minimum in another.

New techniques

The thrust of ZBB is consistent with Carter's own political stance: to scrutinise carefully the case for additional spending on established Federal programmes. A Cabinet Secretary can change priorities within existing cash limits by ranking a new programme ahead of an established spending commitment. If he plays safe and ranks new programmes last, OMB then has a good excuse to deny this portion of the department's budget request.

New techniques of budgeting are of limited value in achieving a balanced budget in 1981, the goal of this cautious Democrat. The pleasantest way to reach this Presidential goal would be through sustained economic growth boosting government revenue and public spending, while simultaneously leading to a fall in unemployment and tax rates.

At best, a director of OMB can only be one among the Washington "Quadriad" of Presidential economic advisers, competing in advice on global economic strategy with the head of the Council of Economic Advisers (Mr. Charles Schultze), the Secretary of the Treasury (Mr. Michael Blumenthal) and the chairman of the Federal Reserve Board (Dr. Arthur Burns).

Meanwhile, the OMB foot soldiers examining departmental budgets can carry on a war of attrition against major new spending commitments from Federal agencies. Currently, the four programme headings accounting for three-quarters of Federal spending are income maintenance (principally pensioners and unemployed), $188bn.; national defence, $109bn.; health, $41bn.; and debt interest, $38bn.

The more money spent on a programme the greater the entrenched interests defending it in the bureaucracy, in Congress and among pressure groups. OMB cannot hope to cut big spending programmes, but only to prevent their growth in advance of anticipated tax revenues. It is stronger as an opponent of new spending commitments.

Health policy is the biggest potential threat to a balanced budget on the spending side. America has no comprehensive health service, but the Federal Government is legally committed to make a large and rising contribution to the income of doctors and hospitals and, by implication, to the health of the population. OMB is on strong ground when it lobbies for measures to limit the rising cost of medical and hospital services, inflated by past Government mistakes in funding. As long as the economy is not buoyant, it is not alone in wishing to limit expansion of federal health spending to those whose needs are great yet few enough not to balloon health spending further.

Public spending on education is large, but the burden falls principally upon State and local government. The big budget deficit which Mr. Carter inherited is argument enough for OMB to oppose transferring more education spending to the Federal Government, which currently allocates it less than half as much money as does British central Government.

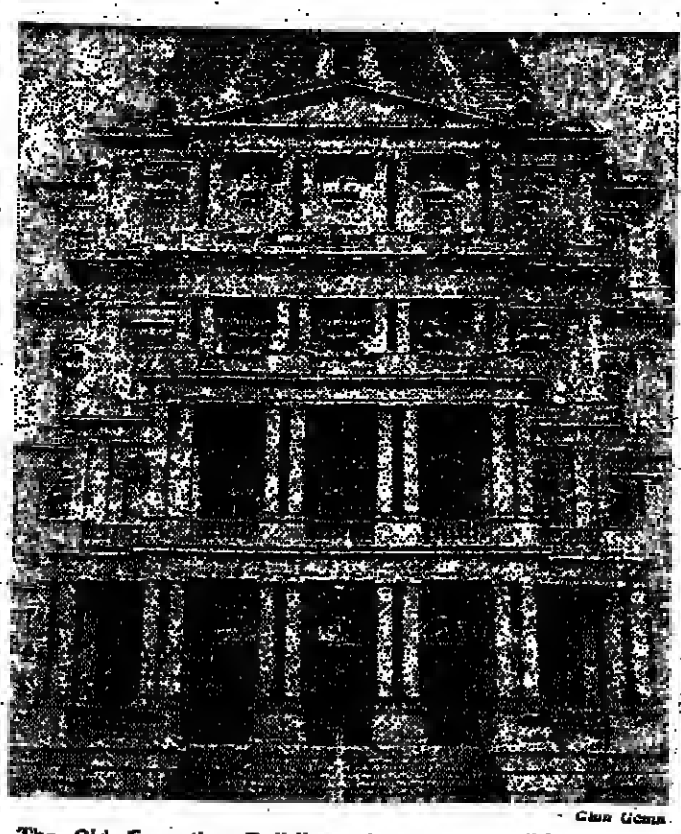
The management side of OMB has historically been its weak side, because Presidents in the tradition of Franklin D. Roosevelt have preferred to inspire men and stimulate action, even if the results appeared messy or chaotic, rather than concentrate upon the unglamorous nuts-and-bolts of programme management.

In reaction against the "creative" chaos of the Johnson era, President Nixon directed the old Bureau of Budget to be renamed the Office of Management and Budget in 1970, and put two Harvard MBAs, Roy Ash and Fred Malek, in charge. They viewed OMB's role as getting its hands on the continuing activities of executive branch agencies. The implementation and formulation of programmes is often more important than the rhetoric that accompanies their launching by the White House.

The alleged mismanagement of government was a major issue of all candidates in the 1976 Presidential race. Mr. Carter placed special emphasis upon the need to change the structure of executive branch agencies, as he had done in Georgia.

To meet President Carter's pledge, OMB has created a new division of Organisation Studies, with approximately 40 professional staff from inside and outside government appraising how well the established structure of institutions and power serves the aims of the Carter Administration. The group is unique among domestic agencies in knowing that any statutory recommendations the President makes to reorganise executive agencies can become law, unless positively disapproved by Congress within 60 days.

The President believes reorganisation will eliminate overlapping jurisdictions which confuse the clients of government, even if they make sense to those who understand only too well the network of interests that unite Congressional subcommittees, interest groups, and each of their "affiliated" bureaux. Reorganisation is also expected to reduce citizens' complaints about too much paperwork and too little-responsible decision-making in Washington.



The Old Executive Building, close to the White House, now the home of the OMB.

Carter's policy

The President has avoided any promise to save money by reorganisation, proposing to abolish the former Congressional requirement that every reorganisation proposal contain a dollar estimate of intended savings. Instead, the President regards reorganisation as a means of improving "management efficiency and delivery of Federal services."

Mr. Carter's reorganisation policy emphasises a "bottom-up" approach, that is, starting with existing programme structures and needs of the individual, and trying to decide how existing institutions can be modified, within existing appropriations and policy guidelines.

Presidential reorganisation experts do not find it easy to identify either the means or the ends that their work is meant to serve. The typical Federal programme or agency has multiple objectives, and is part of a complex network of Congressional, interest group and executive branch relationships.

The output of many Federal programmes is even harder to identify. Without a clear idea of what an organisation produces, it is not easy to prescribe how it could better produce its amorphous output.

Management science and public administration are also weak in prescriptive rules about how to produce identifiable results. In consequence, once the worst organisational bottlenecks are dealt with the President's reorganisation staff risks addressing itself with uncertain means to unclear ends.

The tendency of President Carter to play his cards close to his chest makes it specially difficult for OMB staff to act for they cannot sense clearly what is in the mind of the man they are meant to serve. For example, one senior reorganisation official reports he can do no more than write Presidential memoranda that advise, "If you want to do X, then reorganise like Y; if you want to do A, reorganise like B."

The Lance affair has been an unfortunate distraction at a time that is testing enough for the Presidency. Before choosing a new director, the President might ask: to what extent can OMB (or any Washington agency) carry out his campaign pledges to rethink budgeting and reorganise the executive branch?

OMB faces an institutionally testing time too, for any shortcomings that it reveals in carrying out the President's wishes will cause the White House to doubt its capabilities. An agency whose political capital consists of Presidential confidence cannot afford to lose this in the highly competitive arena of Washington politics.

If the Lance affair was unexpected and perhaps unpredictable, one thing seems clear about the future of OMB. In a year or so it will face an institutional crisis in its relationship with the President if it serves questioning whether any agency can achieve the goals that the President ambitiously set from afar to reform the process of governing America.

Professor Rose is professor of politics at the University of Strathclyde and author of Managing Presidential Objec-

APPOINTMENTS

R. White heads U.K. General Motors

Mr. Robert A. White, who became managing director of General Motors Limited in the U.K. at the beginning of last month, has been elected chairman of the company. He succeeds Mr. C. E. Weltz, Jnr., who was chairman and managing director prior to his recent appointment as director, commercial vehicle operations, Vauxhall Motors.

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Mr. Henry A. Sweetbaum has been elected a non-executive director of ACROW. He is chairman of Data Recording Instrument.

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Professor Olive Stevenson has been appointed chairman of the ADVISORY COMMITTEE ON RENT REBATES AND RENT ALLOWANCES. She succeeds Professor J. B. Cullingworth, who has resigned to take up an appointment as Professor of Urban and Regional Planning at the University of Toronto, Canada.

+

Mr. G. R. Latham has been appointed works director of WELWYN ELECTRIC. He was previously general production manager.

+

Mr. M. C. Fairley has been appointed company secretary of H. CLARKSON (HOLDINGS) and H. Clarkson and Co.

+

Mr. J. R. Luce and Mr. E. E. Williamson have been appointed non-executive directors of AIRSPRUNG GROUP. Mr. Luce retired from the Bank of England this year after 30 years' service and Mr. Williamson was a main Board director of GRAND METROPOLITAN from 1970-1975.

+

Mr. Warren W. White, formerly vice-president and general manager of Bechtel Financing Services of San Francisco, has joined the Board of HILL SAMUEL AND COMPANY and has been appointed managing director of Hill Samuel Project Finance.

+

Mr. R. R. Walker and Mr. A. Cooper have been appointed non-executive directors of BURRELL AND COMPANY. Mr. Walker is chairman of Aspro Nicholas and Mr. Cooper is a director of the Imperial Group.

+

Mr. Richard Seymour has been appointed chairman of FURNESS-HOULDER (INSURANCE) in succession to Mr. Brian H. Page, who has retired. Mr. Roy H. Pulford has become deputy chairman and a managing director, and Mr. Ronald B. Hutton has been made a deputy managing director.

+

Sir Donald Hibberd, chairman and chief executive of Comalco, will retire from executive responsibilities on June 25, 1978. Mr. A. V. Lorch, managing director, will retire at the end of next year. Mr. M. R. Rayner, general manager, basic operations, is the designated chief executive from June 26, 1978 on which date Sir Donald Hibberd is to be non-executive chairman. Mr. Rayner now has additional responsibility for the rolled and extruded products division. He will also take charge of the fabricating division on February 1 and at the same time become managing director of Comalco. Mr. Lorch will be executive director from February 1 until his retirement. Comalco is associated with Rio Tinto-Zinc.

+

Mr. W. G. N. Geddes, senior partner of Babtie Shaw and Morton, has become president of the INSTITUTION OF ENGINEERS AND SHIPBUILDERS IN SCOTLAND for two years.

+

Mr. P. J. Bulman has become group financial controller of CORAL LEISURE GROUP. He succeeds Mr. J. V. Duffin, who has been appointed assistant to Mr. K. Mundy, the divisional chairman.

+

Mr. P. J. Moore, an assistant general manager of Mercantile Credit Company, has been appointed assistant managing director of DIAL CONTRACTS.

+

Mr. Tony Roberts has been made a director of CHAPPELL AND CO. He joined the company last year as general manager of the music division.

+

Professor W. A. C. Stewart, vice-chancellor of the UNIVERSITY OF KEELE, is to retire from that post on September 30, 1979, four years before the age of compulsory retirement.

+

Mr. N. B. Sage has been appointed U.K. managing director of SIMONIUS VISCHER AND CO.

+

TRIPLEX FOUNDRIES GROUP has appointed the following three senior executives of subsidiaries to the main Board: Mr. R. Briggs, managing director of Vowles Foundries; Mr. P. J. Hearnshaw, group accountant and a director of Hale and Hale (Tipton); and Mr. R. Whitehouse, managing director of Churchfields Spring.

+

Mr. Eric Dancer, chairman of Consolidated Home Industries furniture division, has been appointed managing director of BLUESTONE FURNITURE. Mr. Dennis Bluestone, former chairman and managing director of Bluestone Furniture (now part of Consolidated Homes Industries Group) has retired but will remain as a consultant for two years.

+

Mr. P. Crowe has been appointed a director of SOLAR UNDERWRITING AGENCIES and Mr. P. R. Ansell has become a director of ARPEL UNDERWRITING AGENCIES.

+

GKN (SOUTH WALES) has appointed the following five new directors: Mr. Paul Rich, general manager of Tremorfa steelworks; Mr. Alan Williams, chief accountant; Mr. Hedley Brown, technical services; Mr. Andrew Mitchell, personnel; and Mr. David Rowlands, company secretary.

FINANCIAL TIMES SURVEY

World Coal Mining

Coal is once again in vogue as a source of energy, and world governments, and Britain in particular, have been stepping up efforts to exploit what is rapidly emerging as a prolific hydrocarbon resource. None the less, there are problems, not least of labour and costs.

Back in favour again

By Roy Hodson

IN SPITE of coal being one of the world's oldest energy sources, the industry is now in a pioneering mood. The pressures upon world energy resources are resulting in a new and bigger role for coal. The assessment of the recent World Energy Conference was that in something like 40 years time the world's usage of coal will have increased by between four times and six times. During that period the international trade links to handle movements of coal will strengthen, it is expected, until a trading pattern equally as big as the present international oil trading system is created.

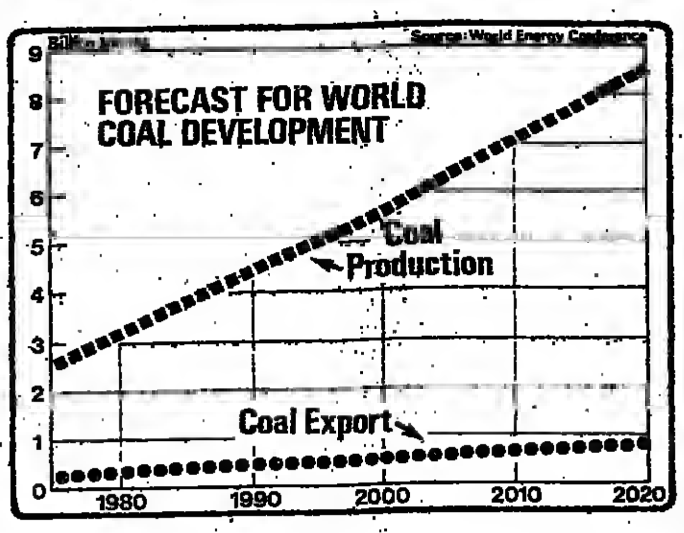
Coal is being recognised by all the energy authorities of the developed industrial nations as one of the three basic power sources for the next half-century. Oil supplies will have to be used with increasing discretion from now on. The development of nuclear power will be against a background of environmental objections — although the Conservation Commission of the World Energy Conference believes that more than half the world's electricity may be produced by nuclear power stations by the year 2020. But coal can be exploited as a primary energy resource as fast as it can be extracted from the ground.

There are no fears of a world coal shortage. By 2020 the world may need some eight billion tonnes of coal a year. But the total world coal reserves recoverable by present-day mining methods are more than 600bn. tonnes. That figure is a conservative estimate. It indicates that the world has enough coal for perhaps a century from easily-worked deposits.

The total world reserves of coal, including thick seams under oceans and icecaps and other inaccessible places, are estimated to be not less than 10,000 billion tonnes—enough to last the world for many centuries.

Britain is fortunate in being an island built upon coal and a nation with one of the world's most advanced coal industries. Workable deposits are sufficient to last for centuries. The National Coal Board has been discovering rich new coalfields at an astonishing rate since a new exploration programme for British coal was set in motion in 1975 following the energy crisis. Even so, there is believed to be much more workable coal under Britain, and under coastal waters, as yet undiscovered. The National Coal Board's problem is not so much one of finding coal as of finding coal in areas where it can be developed with least disturbance to the community and at the lowest possible cost.

The two biggest new coalfield discoveries—the Selby field in east Yorkshire, and the series of rich seams under the Vale of Belvoir in the Midlands—illustrate the point. The Board has been able to go ahead with the exploitation of Selby after a relatively smooth passage through the planning stages and the public consultations. Selby will produce at least 10m. tonnes a year by modern methods with a small labour force, and should be productive for almost half a century. The intention is to integrate the mining force needed in existing communities so as to avoid establishing artificial "pit" communities with their attendant social problems.



Extraction

But the Vale of Belvoir is quite another matter. The coal the Board is after is under rich farming and hunting country. Moreover, it cannot be extracted by an inconspicuous drift mine system as will be employed at Selby. The Board wants the Belvoir coal sometime in the 1980s. It is likely to have a bitter fight before the pit shafts can be sunk.

While Britain has been fortunate with her new coal exploration programme almost every country in the world is similarly searching and re-assessing coal prospects. The international oil companies fully appreciate the growing role of coal as an international resource and they are investing heavily themselves in mines and strip production. So far the main centres of interest for them have been the big U.S. South African and Australian deposits. But the race for rights to coal reserves is only just starting.

It is significant that the British Government has recently backed the National Coal Board to play a leading part in the development of world reserves by giving it new powers (The Coal Industry Bill 1977) to work coal abroad, together with special powers to invest in activities for turning coal into liquid fuels.

The long-term future of the National Coal Board appears to be strong and broadly-based with efficient production at home and every chance, with Government support, of ventures in other parts of the world. It is the short-term which is worrying NCB chairman Sir Derek Ezra, his Board, and the responsible miners' leaders. While they have every confidence that productivity in the new coalfields will reach high levels—perhaps five times above present performance — the present-generation British pits have been caught in an appalling downward spiral of rising wages and fringe benefits and falling productivity.

Within the past two years productivity has slipped by some 5 per cent. Meanwhile the miners have won their claim for early retirement which is likely to cause manpower shortages this year in some British coalfields. Actual coal production in Britain has fallen from 112m. tonnes a year to 106m. tonnes a year in spite of a growing contribution from the efficient open-cast mining operations.

Sir Derek has repeatedly warned that the coal industry cannot expect the country to continue with the ambitious coal investment programme for new pits—at present running at some £340m. a year—between now and the year 2000 if coal output is actually in decline as the money is poured in.

To balance the short-term problems of the British coal industry against the country's long-term need for new mining investment and more coal is a problem in management and leadership for both the NCB and the Government.

Britain's long experience in deep coal-mining, and support of industrial companies specialising in mining technology, is proving of special value during the renaissance of coal. When recently 11 nations decided to establish a joint research and information service for international coal London was chosen as the coal technology headquarters.

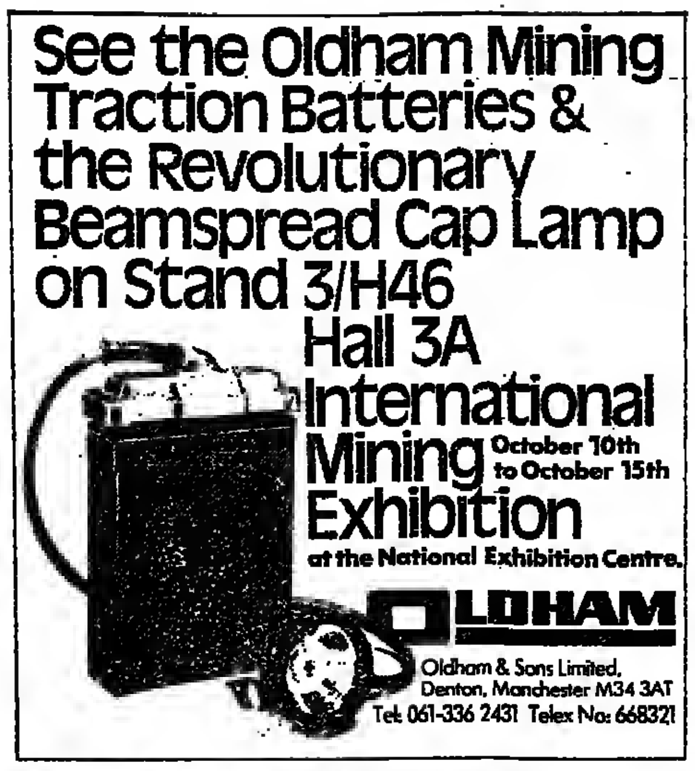
Fluidisation

The National Coal Board (International Energy Agency Services) is now managing research and development projects which include the technique of fluidised bed combustion. A test rig has been built in Yorkshire for the system which enables poor quality coal or other low-grade fuels such as tars to be burned across a bed of fine grit agitated by an air-stream. The British plant manufacturers Babcock and Wilcox have just secured the first commercial orders for fluidised bed combustion boilers and are to design four to burn high sulphur coal in the State of Ohio.

The coal industries of the world recognise that if coal is to take its place beside oil and nuclear power as one of the three main props of a world energy policy then coal has to be mined cheaply and burned efficiently. It also has to be burned in such a way that it does not create a health hazard from smoke and fumes. The fluidised bed combustion system is an interesting solution being offered for burning poor quality coal.

Another way forward may be the employment of the magneto hydro-dynamic power generation system. That is a technique which requires the coal or other fuel to be burned and the resulting hot gases to be used directly as the force to generate electricity. The gases are driven through static coils at high temperatures and speeds. The spent gases can be tapped for ancillary heating resulting in a very clean and efficient system—in theory. While many countries have toyed with MHD only the Russians have persevered with it. They have a pilot plant in association with some American companies. Now a 500 megawatt commercial plant is being planned for a site near Moscow.

The National Coal Board, armed with its new powers, can also be expected to give increasing attention to the conversion of coal into liquid fuels and chemical feedstocks. A body of scientific and engineering opinion takes the view that work on that should be accelerated. Coal is already being seen as too valuable a raw material simply to be burned under boilers.



Plans for British reserves

THE NATIONAL Coal Board is planning ahead, secure in the knowledge that British coal output could be raised from the present 110m. to 120m. tonnes a year level to nearly 200m. tonnes a year without serious erosion of the workable reserves.

The Board believes there is no danger of a British coal shortage within the next 300 years. Perhaps the most important single development in the history of British mining has come about during the past two years as the Government, the mining trade unions, and the Board, have agreed upon a tripartite plan for the long-term expansion of the industry.

After the energy crisis an emergency ten-year Plan for Coal was hurriedly put together to expand production from British mines by 1985 and to improve productivity. That plan represented a signal from the bridge for a change from "slow astern" to "full ahead." For the industry previously had been declining for many years as a result of competition from cheap oil and gas. The four-fold increase in oil prices changed the position of coal over-night.

But the Plan for Coal was soon recognised as a short-term strategy only: one that must be improved upon to allow a coherent investment programme for British mining for at least 20 years ahead to develop.

Outcome

The outcome of a long debate was Plan 2000. The implementation of that long-term plan calls for an investment in British mining of some £10bn. over a period of some 25 years to the end of the century.

The intention is that deep coal-mining shall be developed to a production level of about 150m. tonnes a year and that opencast mining should provide another 20m. tonnes a year.

The plan calls for the development of the new coalfields discovered such as Selby and the Vale of Belvoir. It also places great reliance upon the Board's ability to secure much more coal from existing fields at greater levels of productivity.

Meanwhile the Board is carrying on searching for coal with a new £50m. programme. Some 40 deep boreholes will be drilled during the next three years and the experts are confident that further massive reserves will be discovered to add to the 1.5bn. tonnes or thereabouts of coal found since 1975.

Coal exploration was at a standstill in Britain for half a century. Now the new reserves are being proven at a rate of 500m. tonnes a year.

The Board will be spending at a rate of approximately £400m. a year during the years immediately ahead. Its capital expenditure increased from £211m. in 1975-76 to £266m. in 1976-77. Unhappily the big increase in borrowings to finance expansion has coincided with a decline, which the Board hopes will be temporary, in productivity in the mines and an actual fall in production last year of 6m. tonnes. When the NCB chairman, Sir Derek Ezra, introduced the annual report in the summer he said it was "a miracle" that the coal industry has still managed to stay in profit (£27m.) in the last year in spite of the squeeze on production and the speeding on expansion.

Servicing the growing debt is going to be a continual headache during the development of the coal expansion plan. It is not possible to simply cover the plan through profits upon sales because coal is a very price-sensitive commodity. The electricity authorities, who are the biggest customers of the NCB, have trimmed back their use of oil and increased their coal purchases.

But they have warned the NCB that they will have a duty to the electricity consumer to switch back to oil and other fuels at the expense of coal if coal prices rise too fast.

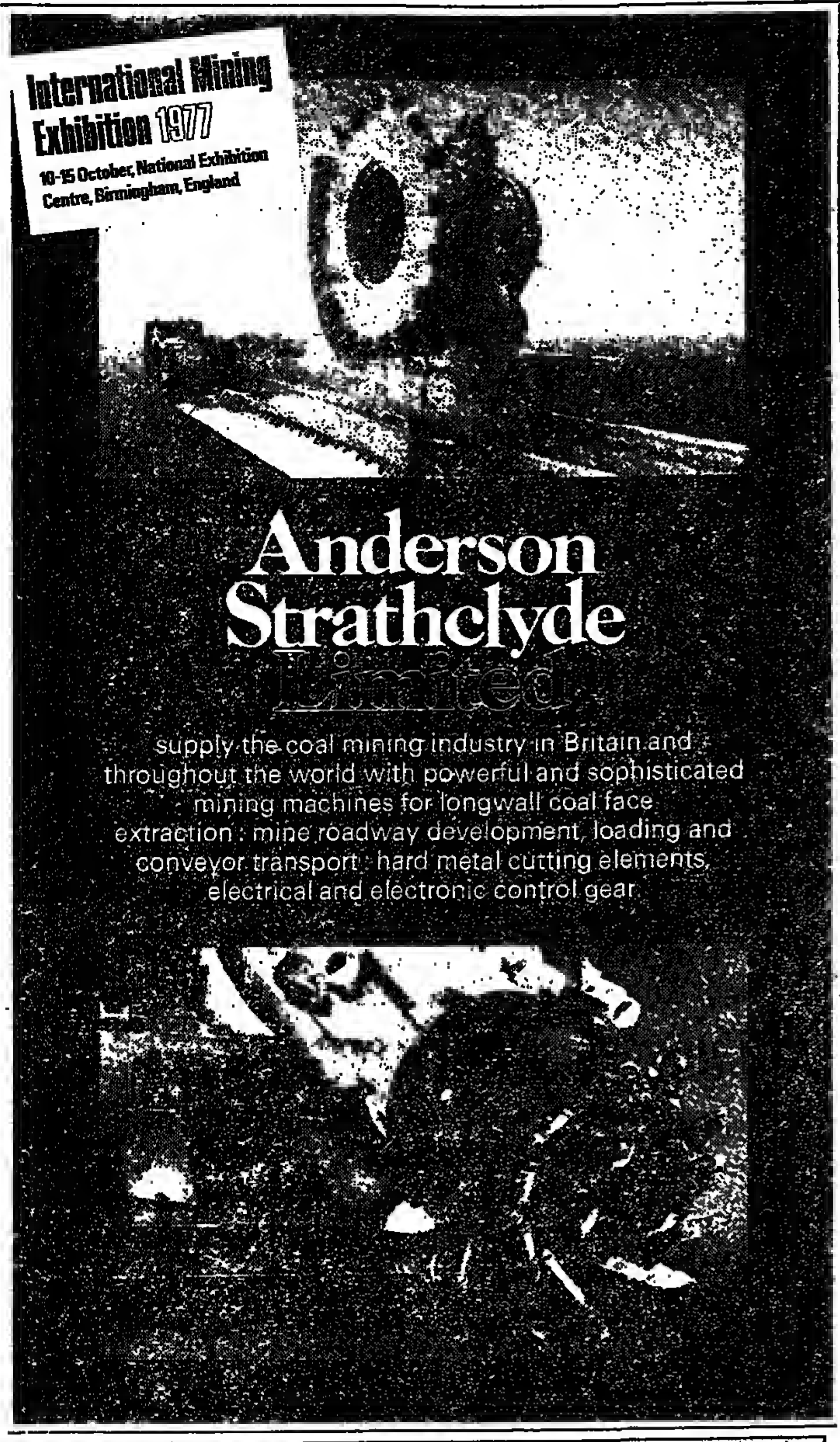
Disturbed

Mr. Glyn England, chairman of the Central Electricity Generating Board, has recently told the miners that the CEGB—the NCB's biggest single customer—is "disturbed" by the falling productivity in the pits. The CEGB believes that a shortage of British coal could even develop and that the Board would be forced to change quickly to other fuels or import coal. Another CEGB complaint against the coal industry is that price differentials for coal from the various British coalfields have been narrowed to a point which could invalidate the whole power station construction policy. The power authorities have been siting their coal-fired stations as near as possible to prolific coalfields. But the present pricing structure for coal does not enable the power stations to benefit to any marked degree from proximity to the pits.

Underlying the CEGB's recent complaint is a feeling among major customers of the coal industry that the low-cost coalfields of Britain are being made to support the old, high-cost, or inefficient fields. As the new generation of highly productive mines begin producing, it is going to be increasingly difficult for the Board to justify the continued operation of a number of pits in Scotland, South Wales, and perhaps even at the tiny Kent field.

But if the trend continues towards the use of coal almost exclusively as a power station fuel, or a feedstock for liquid fuels and chemicals production, the NCB may have to exploit the economics of scale and concentrate their production upon the best coalfields only. It is a social problem for the Board and the Government as much as an economic problem.

Roy Hodson



Scope for opencast

OPENCAST MINING, also called strip-mining, is the fastest-growing system of extracting coal in the world. It is the method by which the bulk of the low-quality soft coals near the surface are being extracted. It is also an important mining system for hard coals in many countries of the world including Britain.

The National Coal Board has done much to pioneer opencast mining methods for hard coal in developed countries where environmental considerations are of paramount importance.

Opencast mining in Britain is now worth upwards of £400m. a year in foreign exchange savings by the substitution of coal for oil. The NCB's Opencast Executive, meanwhile, is well on target towards raising its annual production from the present 12m. tonnes a year to 15m. tonnes a year. Opencast mining is also making good profits on every tonne of coal dug in contrast with the problems of the deep mines which have been just about breaking even.

Limitations

Had it not been for the energy crisis following the Middle East October 1973 war and the subsequent rises in oil prices the future for opencast mining in Britain would have been strictly limited. During the cheap energy era of the 1960s the work of the NCB Opencast Executive was allowed to dwindle until it was mining less than 6m. tonnes a year—a 50 per cent. cutback from its best performance in the late 1950s.

But the emergency Plan for Coal produced to help combat the energy crisis ensured a new role for opencast mining techniques in Britain. Proven reserves are sufficient for up to 15m. tonnes a year of opencast coal to be produced in Britain for the next 30 years. The coal geologists also have confidence that opencast coal production could be extended well beyond that target date at an on-going rate of some 15m. to 20m. tonnes a year.

The biggest problem facing the Opencast Executive now is obtaining permission to extract coal in the face of fierce opposition from local and national amenity interests. The development of opencast mining depends to a large degree upon being able to provide a steady flow of work for the contractors and the giant drag-lines which are used to scrape away the overburden of earth on sites round-the-clock to uncover the coal seams.

During the financial year 1976-77 the output of the Opencast Executive increased by more than 1m. tonnes and 15 applications for site authorisation were made. But more than half of those applications have resulted in public inquiries, some of which have spilled over into the current year. The NCB says that the proportion of site applications going to inquiry represents "a marked increase." Twenty site authorisations were granted in 1976-77 and one application by the Board was rejected.

The NCB has a list of approved contractors for its opencast sites. All the companies involved in the £100m.-plus annual business have to satisfy the Board that they can meet the special requirements for quiet and clean working and adequate reinstatement of the sites later.

It is the boast of the NCB that where land with evidence of industrial dereliction is tackled by the opencast contractors it is returned to use in a better state than before. New and sympathetic landscaping is practised when the overburden is returned after removal of the coal. Tree-planting is carefully planned. Old industrial scars such as pit heaps and mine shafts are removed and the area is left in a safer and more pleasant state than before the contractors moved in.

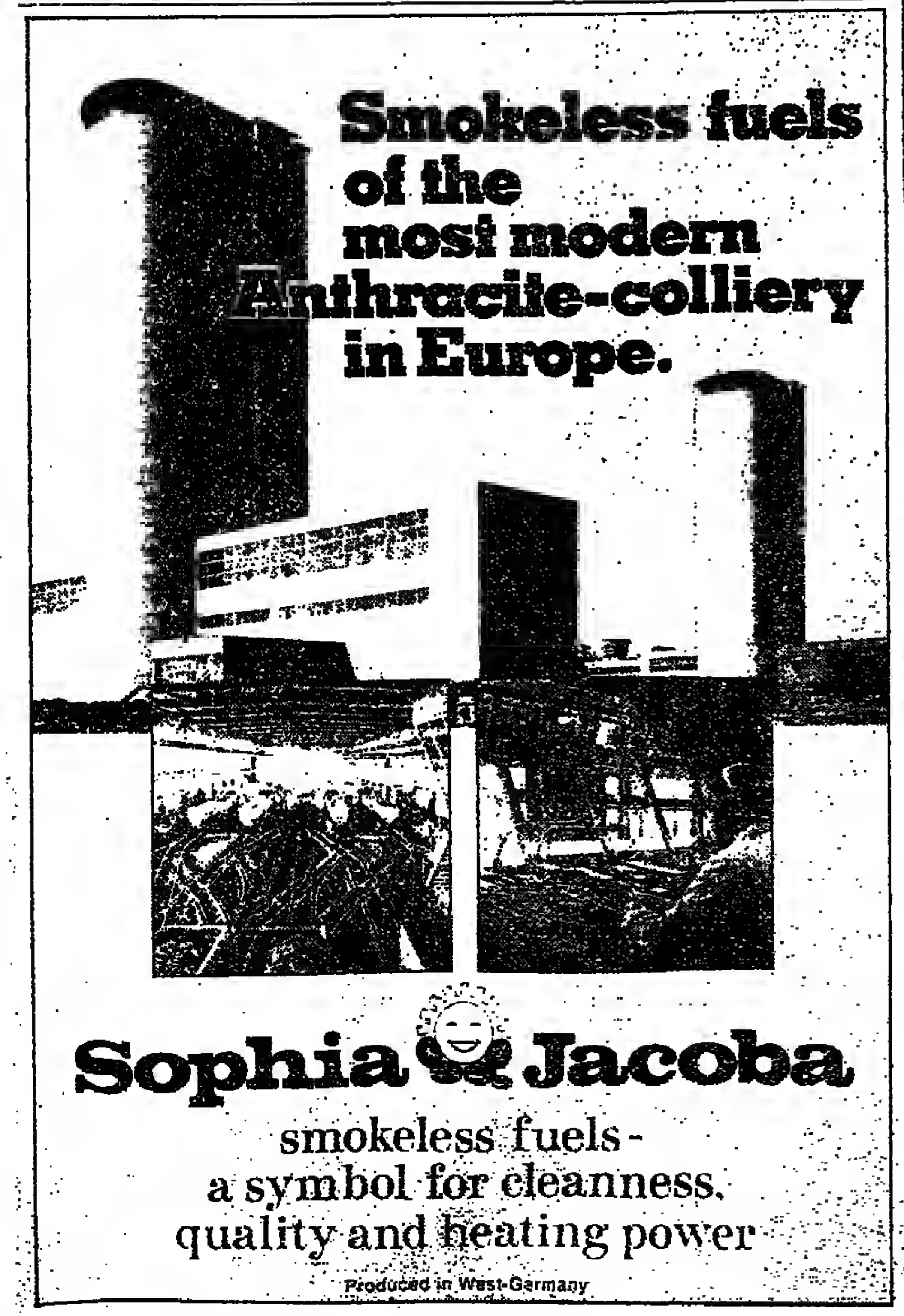
Some local authorities have responded to the NCB's care over opencast mining and are prepared to co-operate, taking the view that definite benefits can accrue to communities in the form of good land and lakes.

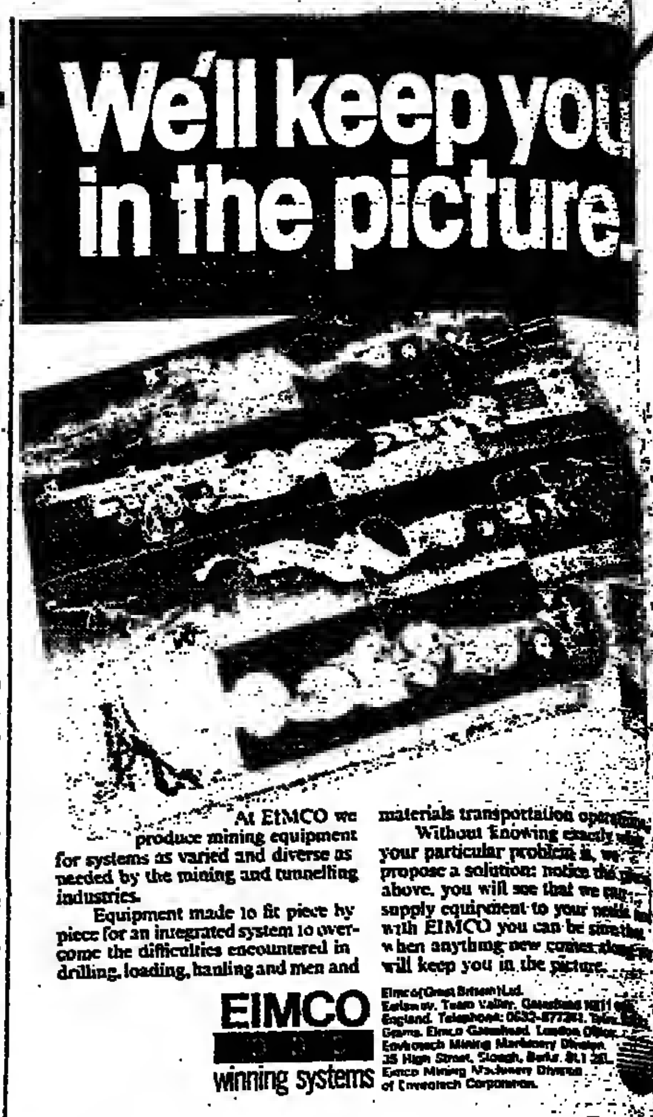
The contractors involved in opencast are offering their services overseas where other countries wish a high standard of reinstatement of land to be practised after strip-mining work.

The walking drag-line is the basic equipment used for modern opencast work. These huge machines are proving excellent investments with working lives of up to 30 years and periods of ten years or so between major overhauls.

The Coal Board is co-operating with manufacturers to have giant drag-lines manufactured in Britain and has been ordering machines in advance of contracts so that contractors can move into new sites quickly. This also means that new export opportunities are being created as a result of the opencast coal mining activity in Britain.

R.H.





Technology races ahead

COAL TECHNOLOGY in Britain has come a long way in the 1970s. A variety of bright ideas from the laboratories, for which few were showing much enthusiasm while the industry was being run down, took on new meaning when in 1974 the decision was taken to expand coal production and exploit new discoveries. To-day, with political acceptance within sight of the "coconuke" formula—coal, conservation and nuclear energy—as the policy for energy supply in Britain once North Sea resources have been run down, the new coal technologies are fast becoming crucial factors in long-term energy planning.

One of the most convincing demonstrations that new coal technologies have a future has taken place at a development centre of one of the industry's potential customers. British Gas, at its Westfield Development Centre in Scotland, has operated on "semi-commercial" scale its unique slagging gasifier, a coal-burning reactor that could form the heart of a coal-to-substitute natural gas (SNG) technology.

The slagging gasifier is an advanced Lurgi gasmaking process, originally explored in Britain in 1938, and demonstrated on pilot-plant scale by the gas industry in the 1960s. Then, early in 1976, a reactor at Westfield began to operate under a $10m. contract placed by a consortium of U.S. energy companies. The slagging gasifier is one-third of the size of what is envisaged as a commercial reactor, affording what the engineers see as a realistic demonstration. The success of the demonstration has led the U.S. Government to finance design and development by the consortium of a complete SNG demonstration plant in Ohio, using the U.K. technology. If successful this plant will consume 3... tonnes of coal a day, produce about 80m. cubic feet of SNG—enough to supply a community of 100,000. The technology could be keeping Britain's gas grid at full pressure once North Sea resources begin to dwindle.

Another technology, in which pioneering efforts in Britain have played a central role is fluidised-bed combustion of coal, in which coal is burnt in a churning bed of very hot refractory particles (such as sand), kept bubbling like a liquid by blowing air through it. Other chemicals can be added to "fix" noxious impurities in the coal, such as sulphur, and prevent them from becoming a corrosion or a pollution problem. By burying boiler tubes in the turbulent bed, steam can be raised under highly efficient conditions of heat transfer. This implies a compact new kind of boiler, perhaps low in capital cost once it has been developed.

Two distinct lines of development of the fluidised-bed boiler are being pursued in Britain to-day, in each case arousing evident interest in the U.S. and elsewhere. One is based on the work of the National Coal Board's laboratories. This is being translated into a large experimental facility at Grimethorpe, Yorkshire, where an experimental pressurised boiler capable of raising up to 85MW of heat is being built on the end of an existing power station. The £17m. facility, funded jointly by the U.K., U.S. and W. German governments, should come into operation early in 1979. It is a much bigger version of a rig that has run at the NCB's Leatherhead laboratory since 1968, with a bed 6.5 feet square and up to 26 feet deep, running at 10-12 bar pressure and at up to 950°C.

Venture

The second line of development is a private venture by Babcock and Wilcox, albeit using NCB patents. This company—one of the world's biggest in the field of coal technology—claims to have the world's largest operating fluidised-bed boiler, supplying steam to its Renfrew works. It has been offering a range of commercial designs of unpressurised boilers, and last month landed a $650,000 U.S. order for four units for the Ohio State Energy and Resource Development Agency. It is also engaged, with Stal-Laval, in designing a 170MW (electrical) demonstration power plant for American Electric Power. This plant is intended to combat the increasingly onerous U.S. air pollution laws, aims to burn coal in a big pressurised fluidised bed, and feed clean combustion gases straight into a gas turbine. The three partners believe that in this way they can avoid the ferocious corrosion and erosion problems encountered when attempts are made to feed a gas turbine directly with powdered coal.

Fluidised-bed technology is also an integral part of NCB schemes for the "coalplex," the refinery of the 21st century, fed by coal instead of oil. It has been researching some of the key processes such a coalplex would require to transmute coal into a range of rich liquid and gaseous products.

The new technologies of "coal conversion" have two over-riding objectives — to improve the hydrogen:carbon ratio from 0.8:1 to something closer to oil at 1.8:1; and to make the substance more convenient to handle. No single step is likely to achieve these objectives, but NCB chemists at Stoke Orchard believe they have discovered three processes which might be permutated to provide saleable feedstocks or fuels.

The most promising discovery, made in the late 1960s, is called supercritical extraction. When coal is exposed to hot organic solvent gases under high pressure, the more valuable constituents boil off rapidly without charring. As much as 40 per cent. of the coal can be extracted in this way, then condensed to yield a fraction far richer in hydrogen and essentially free from minerals. At Stoke Orchard, this summer supercritical extraction has been scaled up from laboratory autoclaves to a £750,000 pilot plant designed to treat up to 20 kilograms of coal an hour. This shiny stainless steel facility, built by Woodall Duckham (a Babcock subsidiary), is a foretaste of the "white-collar" coal technology some NCB executives have long dreamed of. Such a process would never hold the pressures required unless much higher standards of cleanliness are observed than coal technology has been accustomed to in the past.

But at pressures of up to 3,000 lbs per square inch a relatively cheap solvent such as toluene will penetrate deep into the natural pore structure of crushed coal, to dissolve out the hydrogen-rich fraction. When the pressure is lowered, this dissolved fraction simply precipitates out, so that the solvent is readily recovered and recycled.

The coal residue—which has the same calorific value as the original feedstock—can be fed into a fluidised-bed gasifier to yield a hydrocarbon gas either as fuel gas or as an intermediate for further conversion. This is the second of the new coal conversion technologies being explored by the NCB.

If the pilot plant performs well, NCB chemists hope that it will be the precursor for a proposed £15m. demonstration plant with a throughput of about 1 tonne of coal an hour. It is one of the coal conversion projects that the NCB is urging should now be taken to demonstration stage, in order to ensure that Britain is an "informed buyer" when the time is ripe to invest commercially.

Another is a process called hydrocracking, which simultaneously supplements the hydrogen content of the coal extract dissolved out by supercritical extraction, and cracks the product into liquid and gaseous fractions—much as oil is cracked. The technology is being developed jointly by NCB scientists and British Petroleum, who have provided the Stoke Orchard laboratories with a pilot-size continuous hydrocracking plant. It has produced "motor spirit" with an octane rating of 84—not far short of that needed for petrol engines.

Could such technologies somehow be used *in situ* to lessen the problems of mining coal in the first place? For example, could supercritical extraction be adapted to dissolve out coal substance from the seam, much as sulphur is melted out with high-pressure steam? The idea is tempting to coal scientists, but there would be great problems in maintaining the very high pressures required, while the risk of simply losing the solvent through fissures would be high. Nevertheless, they are studying a variety of new technologies for mining coal—lasers, chemicals, biochemical agents, solvents, etc.—in the hope that, in about another two decades, when the coalplex has been perfected, they will be equipped with a commensurately advanced way of feeding it with coal.

David Fishlock
Science Editor

The other face of development: Richard Putnam, Richard Epton and Peter Ormonde, three leaders of the campaign to prevent exploitation of the Vale of Belvoir.

Seeking new reserves

THE COAL Board's short-term plans for coal production call for 42m. tons of new capacity by 1985. While nine million tons will come from old pits whose lives are being extended, and another 13m. tons will be won from major pit reconstructions, almost half as much again will come from the output of new pits. Sir Derek Ezra, the Board's chairman, gave a summary of the new mine developments in his address to the National Union of Mineworkers at Tynemouth in July of this year.

"Nearly £300m. was spent on new equipment and on construction of new capacity last year alone. Royston our first new mine for 12 years, started very successfully in production a few months ago: our new Betws mine in South Wales will be opened on schedule this year or early next year, and work on the massive Selby development —destined to be the world's biggest deep-mining complex—was officially inaugurated.

"At the same time, exploration and research have been substantially expanded. The exploration programme continues to reveal major new workable additions to our reserves and the focus has shifted to sites such as the new north-east Leicestershire coalfield (Vale of Belvoir), Warwickshire, Musselburgh and many others. Undoubtedly our exploration proving in the future, as in the recent past, is going to discover many new workable reserves."

The £4m. Royston Drift mine in Yorkshire—Britain's first new mine for 12 years—is now on stream, and is expected to produce about 400,000 tons of power station coal a year for the next 30 years. The coal seams in it vary from between 26 inches to 46 inches, which are being worked along 90-yard long faces.

Betws seems likely to open next year, at a cost of some £14m. The mine is expected to produce around 5m. tons of high grade anthracite, and the NCB is optimistically forecasting that it will be twice as productive as the national average.

There is no doubt, however, that the Selby development is the one on which Coal Board hopes are most engaged. Covering 110 square miles north of Selby in North Yorkshire, it got the go-ahead at a public inquiry in 1975 because it was felt that its importance to the national economy was such as to override all other interests.

It is hoped that it will be on stream by 1982, that it will employ 4,000 men and that it will produce 10m. tons of coal a year. It is expected to cost around £400m.

The manner in which the Selby field was surveyed was as innovatory as the mine itself is hoped to be. The NCB used the seismic method borrowing the principle from the asdic echo-sounder used to detect submarines underwater. In brief, the method involves digging shallow holes, exploding small charges in them, and measuring the reverberations through a "geophone." The reverberations can be "translated" into a comparatively precise account of seam structure.

The deep bore method — the only one previously in use — is still employed: the seismic readings "fill in" between the deep bores, which can be half a mile apart. The new technique means that planning can be much more detailed.

Once complete, there will be five mines dotted across the site, each feeding coal to a common outlet — a drift mine at Gascoigne Wood. There will be no coal wound up to the surface at the "satellite" stations, though they will be otherwise self-contained.

The major seam identified in the project is the "Barnsley Seam." It is between two and a-half and four yards thick, and is reckoned to contain about 600m. tons of coal. Because of its unusual thickness, it lends itself to the method known as the "pillar/panel" system of extraction, which is capable of maximum production efficiencies and a controlled degree of subsidence.

The Vale of Belvoir, in North-East Leicestershire, has not yet received its various planning permissions. Local action groups—especially the local farmers—have been actively campaigning against it, and the Coal Board faces a tricky problem if it is to convince local opinion to tolerate the project.

Assessment

The prize—though much smaller than Selby's—is still worth the effort. Assessment of the reserves shows about 500m. tons of coal, and Belvoir is—environmentalists permitting—still the best bet for development after the Selby pits.

The other developments forecast by Sir Derek—in Warwickshire and at Musselburgh—are still at the early stages of survey. But the Belvoir developments point up a problem with which the Coal Board will have increasingly to deal. It is beginning expansion again in a period which sees increasing strength and vociferousness on the part of environment protection groups who can be expected to copy Belvoir's action committees' tactics.

The NCB has taken care to point out to local people at Belvoir to assure them that "in designing, constructing and operating new collieries, the coal industry will use extensive architectural, landscaping and engineering skills and techniques to ensure that environmental disturbances and intrusion will be kept to the minimum."

The Board will have to live up to these promises if new mines are to be assured of a future.

John Lloyd

Costs outpace inflation

MINING IS a highly expensive undertaking and it is going to become even more so. Mine costs have, in fact, outpaced the rise in general inflation; the sophisticated equipment being used becomes ever more expensive while labour costs continue to climb, especially the salaries needed to attract skilled technicians to the industry.

Another major factor, which affects coal mining as much, if not more so, than the other extractive industries is the demand for the preservation of the environment. But for some 80 per cent. of the population, a world starved of energy and metal would be a very uncomfortable place indeed.

Many environmentalists realise that some compromise must be reached with the extractive industries. Rightly, they insist that open-pit, or strip-mined, areas must have their scars erased. Most of them also realise that the cost of doing so will have to be paid for in dearer metals and energy.

At the moment, however, the cost of coal compares favourably with that of oil and the advent of plentiful nuclear energy as a low-cost competitor still seems a long way off. Indeed, the projections of world energy requirements are such that all known sources of energy will be needed in the foreseeable future.

As far as coal is concerned, the need is for large-scale operations. Inevitably, the new deposits of coal will lie in the more remote areas and will thus require an expensive infrastructure: this is true for most other new mining operations.

The days are long past when a single mining company could hope to finance a mining operation on equity capital. To-day, the huge cost of new ventures can only be met by consortia of companies and, indeed, of bankers. In the U.K., of course, such funds can be provided by the state for its industry, but sometimes the return on capital does not compare favourably with that of private enterprise.

While government does not control the coal industries of many other nations, it still has a large say in their operations. In the U.S., which is the world's second largest producer of coal (611m. tonnes) last year, after the Soviet Union, environmental requirements have to be met and anti-trust legislation can bite hard. On this score, Kennecott Copper recently had to sell (for $1.2bn.) its holding in Peabody Coal.

For years the South African collieries were the Cinderellas of that country's otherwise encouraged mining industry. The domestic price at which they sold their coal was strictly controlled by the Government at levels which were barely economic and which provided no incentive for new investment.

The South African domestic coal price remains controlled, but at least it has been allowed to increase to rather more reasonable levels. This, together with the completion of a rail link from the major coal-fields to the new port complex at Richards Bay, has opened up a new era of export prosperity for the coal industry.

The leading South African coal group, Anglo American Coal Corporation (Amcoal) is embarking on a R109m. (£72m.) colliery outside Witbank in the Transvaal as part of its current R242m. spending programme of expansion and modernisation. The new mine, which is due to come on stream in January, 1979, will have an eventual production capacity of 4.3m. tonnes a year. Meanwhile, Amcoal has been given permission to export 100m. tonnes over the next 20 years.

Clearly, South Africa's coal production, which amounted to 78m. tonnes last year, is set for sharp expansion. But the country which could stage a more dramatic increase is Australia which produced 110m. tonnes in 1976. Australia, however, is something of a mining enigma. There is little doubt that the country contains big reserves of minerals, but political, environmental and labour union objections are holding back development.

Hurdles

These hurdles have been particularly severe in the case of Australia's huge reserves of uranium. After much procrastination, the mining companies have been given what amounts to a go-ahead—but full approval by the various Governmental authorities concerned will only be granted after the most stringent conditions are met in relation to mining and export of nuclear material. And even then, there will be labour union objections to be overcome.

On the coal side, however, the international mining and oil companies are busily preparing to create a major world industry. Already, huge deposits of coal have been outlined — others may well be discovered in due course — and it is now a question of arranging finance and of meeting Australia's determination to maintain a high degree of ownership over her natural resources.

The more realistic of the Australian authorities appreciate that with to-day's high cost of mining it is necessary for overseas mining companies to enter into partnerships with domestic concerns. At the moment, Australia's biggest coal producer and biggest profit-earner is Utah Development Corporation. This Queensland producer is 89.2 per cent.-owned by Utah International of the U.S.

The remaining 10.8 per cent. of UDC is held by the publicly quoted Utah Mining Australia. The latter has a direct interest in most of the UDC operations and recently acquired a 4 per cent. stake in Central Queensland Coal Associates which has four coal mines in Queensland and is developing the $A250m. (£158m.) Norwich Park coal project.

Attempting to move strongly into the Australian coal scene is London's Rio Tinto Zinc via its 72.6 per cent.-owned Conzinc Riotinto of Australia in a joint bid with Australia's Howard Smith group for Coal and Allied Industries. Pending its usual investigations, Australia's Foreign Investment Review Board has frozen the CRA element of the bid for a 90-day period.

The Foreign Investment Review Board has approved the proposed Australian coal acquisitions by Shell of Australia of 16.6 per cent. of Thiess Holdings (to be purchased from MIM Holdings) and 25 per cent. of Austen and Butta with plans to increase Shell's eventual stake in the last-named to 37 per cent.

Britain's National Coal Board is linked with Austen and Butta in exploration of the Parrot Creek coal prospect, while in the U.S. Houston Oil and Minerals and Australia's R. W. Miller are investigating a big coal deposit at the nearby Oaky Creek. BHP is also interested in the Nebo prospect following the $A100m. acquisition of the Australian interests of American's Peabody Coal.

While Australia moves slowly towards establishing a potent uranium mining and export industry, a great deal is happening on the coal front. It holds the prospect of being a big export earner, a view fully shared by the Australian Foreign Investment Review Board which, realising the huge capital sums involved, appears to be taking an enlightened approach to the matter of arranging partnerships with overseas mining companies.

Kenneth Marston

Oil companies diversify

ONE OF THE less well-publicised aspects of the North Sea oil programme is that large reserves of coal have been found thousands of feet below the seabed.

Oil companies have been well aware of the reserves, which lie in seams averaging 3 to 14 feet thick, but they have remained customarily reticent to publish much information. Dr. Dickson Mabon, Minister of State at the Department of Energy, told the annual meeting of the Society of Exploration Geophysicists in Canada recently that 45 out of 210 North Sea oil wells had revealed evidence of coal seams which might one day be commercially exploitable.

The technology behind the exploitation of such coal reserves will be advanced, probably based on a gasification process. This raises an intriguing question (one which may account for the oil industry's coyness): will oil companies be allowed to exploit these coal reserves or will they be handed over to the National Coal Board?

Assuming that the recovery of coal—either through gasification or some other means—will be a viable proposition, it is most likely that oil companies will be keen to maintain control of these valuable energy resources. The multi-national groups like Exxon, Shell and British Petroleum, which were founded on the oil business, now prefer to be known as energy companies. They are planning business development in the knowledge that perhaps by the end of this century oil will be in short supply. Coal features strongly in their energy diversification plans.

This is particularly evident in the U.S. where the oil majors figure prominantly in the big league of coal producers: Continental Oil, Exxon, Occidental, Gulf and Texaco are among those with large and growing stakes in what was once thought to be an anachronistic industry, outpaced by the glamour boys of the oil world.

For several years these energy companies have lived with the political spectre of enforced divestiture. There has been talk of the companies being split up into separate exploration, development, refining and marketing interests (so-called vertical divestiture) or being stripped of their non-oil business (horizontal divestiture).

Now a new inter-agency task force has been set up in Washington to look more closely at the energy companies' activities. The Department of Justice and the emerging Energy Department will seek much more information about the companies—their market shares, profit shares, widening interests and so forth — so that the Carter Administration is better able to take a view on the divestiture issue.

The energy companies have made no secret of their feelings. The comment from Mr. Howard Blauvelt, Conoco's chairman, is typical: "Participation of petroleum companies in other energy areas results in increased competition in these areas, as well as more efficient use of financial and technical resources. The proposed divestiture of oil company operations is an ill-conceived action against a competitive and efficient industry."

Leader

It must be said that Conoco has much at stake. It is one of the leading coal producers, controlling over 14.3bn. tons of reserves, located in virtually every major coal producing region of the U.S., as well as in Canada. Last year it produced 50.6m. tons.

These figures act as a yardstick for British Petroleum's coal aspirations. The company was among the last of the oil majors to become involved in coal although its affiliate Sohio of the U.S. is well established in the U.S. industry through its Old Ben subsidiary.

It was in March 1974, just after the oil crisis, that BP Coal was formed. With the help of its consultants, the National Coal Board, it has been evaluating possible coal developments for several years although the company's hefty commitment to oil expansion in the North Sea and Alaska acted as a brake on diversification.

BP Coal has set itself a target of producing 20m. tons a year by 1985. So far, it claims, it is on target thanks to new acquisitions in Australia, South Africa and Canada. Well over £150m. has been committed to mining developments in these three regions. The most important deal was announced in September last year when BP paid about £115m. for a half-share in Universe Tankship's huge Clutha coal interests in New South Wales. As a result of this agreement BP has bought its way into Australia's second biggest coal exporter, currently producing over 5.8m. tons of washed coal a year from over a dozen mines in the Sydney and Newcastle areas.

BP has imposed two restrictions on itself when it comes to coal developments. First, it is able to seek new business in only those countries which have only 5 per cent. of the world's coal reserves. Excluded areas include Russia, China, India, Rhodesia and the U.K. The U.S.—the biggest free market of them all—is left in the hands of Sohio. Secondly, the company is mainly interested in exploiting good quality coal, suitable for power generation and steel making. It is this type of coal which can justify the prices needed if the fuel is to be shipped and traded internationally.

Shell has made a more modest entry into the coal industry although it sees its involvement as "a logical extension of the oil and gas interests." Until recently it has not been involved in coal production other than through a joint venture in Belgium which is concerned with recovering coal from Belgian colliery tips. There are a number of exploration and production schemes in the pipeline however.

If oil companies are to play a major part in this growth of coal trading they may have to remould some of their old concepts. There are many differences between the oil and coal businesses. Oil has a well established distribution and marketing regime: over 55 per cent. of all the crude produced is traded internationally. Only eight or nine per cent. of coal is traded in the same way and it is becoming evident that shortcomings in some of the distribution links—particularly maritime terminals — could cause some alarming bottlenecks.

Coal deteriorates and once stored is never recovered in full, unlike oil. The shipping of coal is difficult and dirty compared with oil. Coal is prepared for customers usually in the country of production, unlike oil, which is refined in or near the country of consumption. The variations in the properties of coal are also much greater than those for oil. For example, the calorific value of oil varies between 17,900 BTU to 20,000 BTU/lb whereas coal has a range of 3,500 BTU to 15,000 BTU/lb.

These differences underline the need for oil-based energy companies to recruit coal industry specialists. This is being done for there is every sign that the oil majors will continue to take their diversification into coal very seriously.

Ray Dafter

On this page, Financial Times writers look at the production and prospects of the industry in a number of the world's producing areas.

United States

AFTER MORE than 40 years of steady decline from its position as premier fuel, "King Coal" was officially restored to its throne and designated America's most important future energy source on April 20 of this year. With coal accounting for 18 per cent. of U.S. energy resources, it was hardly surprising that President Carter should have announced in his long awaited energy message that the restoration must take place as a means of reducing America's dependence on imported energy. But his Administration's ambitious goals for reviving the consumption of coal and its tough proposals for forcing the conversion to coal of plants currently using oil and gas have sent sharp tremors of anxiety through almost all U.S. industry.

In outline, President Carter's energy package prohibited the construction of new industrial and power supply plants based on oil or gas. It forbade existing facilities with coal burning capacity from burning gas or oil with an absolute prohibition on power utilities using natural gas after 1990. In addition it proposed an oil and natural gas users' tax, starting in 1979, aimed at encouraging the maximum conversion to coal of existing oil and natural gas burning facilities.

The final shape of the Carter legislation has yet to emerge from Congress where it is currently being subjected to some fundamental revisions by the Senate. The coal conversion provisions of the Bill have already been tinkered with and in the opinion of most observers are now in a much weaker state. The legislation may yet be fortified during the House-Senate conference procedure, so it is too early to be precise as to what the final coal conversion requirements will be.

Resource

Coal's status as the most important energy resource for the foreseeable future is undeniable and presents a major challenge to U.S. industry. In the first place, the industry is going to face acute physical and financial problems in delivering the 1bn. tons a year by 1985 called for by the Administration's energy plan. For in essence, the plans involve reversing a process which has toppled the use of coal from 61 per cent. of the nation's energy consumption in 1930 to just 19 per cent. last year. Its substitution by oil and gas was official national policy for many years and the tightening of environmental regulations culminating in the 1970 clean air act forced many plants to abandon the use of coal.

Annual production has been showing only modest increases — last year's 665m. tons was only 17m. higher than the year before and the current rate of expansion indicates a serious falling short of the Administration's 1985 target. To move into the 1bn. tons a year range, the Government estimates that 270 new mines will need to be opened, 125,000 extra miners trained and nearly $25bn. invested into the industry itself. That is four times the total capital investment of the past decade and although Mr. Carl Bagge, Chairman of the National Coal Industry Association, has said that half of the $25bn. can be found out of earnings. There are real anxieties within the industry about raising the balance in the capital markets, notwithstanding the provision of government loan guarantees.

Nevertheless, the shift to coal is on the way and has been marked by a determined display of muscle by the Federal Energy Administration which at the end of June issued prohibition orders to 11 power plants and 14 industrial plants barring the use of oil or natural gas as their primary energy resource. At the same time, the FEA issued construction orders to 15 planned new industrial plants requiring that coal burning capability be incorporated into their design. Compliance with all these orders would reduce oil use by 45.6m. barrels per day, reduce natural gas use by 14bn. cubic feet per year and increase the consumption of coal by 12.6m. tons a year.

But many questions are being raised about the economics of converting existing plants to coal, and the Administration's application of anti-pollution regulations to future plants. The Edison Electric Institute, which speaks for the electric utility industry, estimates that converting existing and planned power plants to coal will cost $50bn.

For economic and other reasons, the Congressional Budget Office said in a report recently that getting industry to switch to coal would be especially difficult. It estimated that by 1985 only 33 per cent. of new industrial plants would burn coal rather than the 44 per cent. projected by Mr. Carter. There is, moreover, a potential clash with national environmental objectives. The President has upset many industrialists by requiring that all new coal burning plants be equipped with "scrubbers" which remove the sulphur dioxide gas produced by coal burning. These can add anything between 18 and 35 per cent. to the construction costs of a new power plant and critics claim that scrubber technology is too primitive to justify mandatory installation. Nevertheless, scrubber equipment is now installed in or committed to about 50,000 MW of the 225,000 MW of existing coal fired generating capacity just to comply with current Federal emission standards.

Despite the safeguards proposed by the President, Government officials have estimated that the coal programme will add 5.2 per cent. to sulphur dioxide emissions. This is unacceptable to many environmentalists who are, however, even more concerned about the possible impact on the Earth's atmosphere of carbon dioxide gas from increased coal burning. Scientists have argued that the build up of gas could thicken and prevent heat from radiating out into space. As a result, a four degree fahrenheit increase in the Earth's average temperature has been predicted for 2020.

John Wyles

West Germany

COAL IN West Germany has suffered changes in the esteem of planners and energy suppliers much like those it has undergone in other countries. Regarded as the basis of the industrial economy up until the mid-1950s, it fell out of favour when cheap Middle Eastern oil became plentiful, only to become the object of intense interest once again after the quadrupling of oil prices by the OPEC cartel in 1973.

So much is familiar enough to anyone who has followed the fortunes of the coal industry in Britain. Coal is now especially important for West Germany because the country has no other significant domestic energy reserves. A little oil has been discovered in West Germany itself, but the country's slice of the North Sea has yet to yield anything comparable to even one of the major finds in British or Norwegian waters. The chances that it will still do so are not high.

As a result, West Germany has long been seeking dependable long-term energy supply agreements wherever it can. It already takes oil from British North Sea production and would probably be happy to take more (notwithstanding incredulity at reports that Whitehall is toying with joining OPEC). Liquid natural gas agreements have recently been signed with Algeria, while other natural gas currently arrives from Holland and will be piped from Siberia within a few years.

Above all, the West German Government's energy experts have formulated ambitious plans calling for the construction of up to 45,000 MW nuclear generating capacity between now and the mid-1980s. That programme has now been stopped in its tracks by the anti-nuclear lobby, principally through the courts. The interest in conventional power sources is therefore once again intense, and that means above all coal.

In 1976, hard coal's proportion of total primary energy use was 19.1 per cent., or little more than half the 36.2 per cent. it accounted for in 1967. There was an absolute drop over the same period from 96.6m. tonnes to 70.7m. tonnes. For "brown" coal, or lignite, the figures show a more positive story, with production rising steadily from 27.3m. tonnes of hard coal equivalent in 1967 to 37.6m. tonnes last year, though the proportional importance of this source of primary energy remained unchanged at 10.2 per cent. after dipping down as low as 8.6 per cent. in 1971.

Employment in the West German hard coal industry has declined from 388,500 in 1955 to 105,800 last year, though productivity has gone up two-and-a-half fold over the same period from 1.56 tonnes per man per shift to 3.86 tonnes.

Production

Yet the most telling figure of all is that of hard coal production, which has been falling every year for the past two decades, from 151m. tonnes in 1956 to 89m. tonnes in 1976. What holds the industry back from producing more is the increasing difficulty it is having in selling the coal.

In part, this is a consequence of the lingering, and apparently still deepening, crisis in the steel industry. Last year the steel industry bought a total of 21m. tonnes of coal, coke and briquettes. This was about the same as the recession year of 1975, but well down from the last "normal" year of 1974, when it bought 27.5m. tonnes. This year, indications are that even the 1976 figure will come to seem a favourable one.

At the same time, however, the coal industry's other major customers have reduced their purchases. Most notably, this means of course the electrical utilities. Their use of hard coal picked up slightly last year to 32.3m. tonnes from the recession level of 26m. in 1975, but it was still well down on the 38m. tonnes of coal used for electric power generating as recently as 1971.

The Federal Government in Bonn has attempted to stem this tide in several ways. It has tried to insist that new conventional generating capacity should burn coal rather than oil, or at least should be able to use either fuel.

At the end of 1975, faced with mounting stocks of unsaleable coal, Bonn set up a "national coal reserve" of 10m. tonnes and lowered to 4.7m. tonnes the ceiling of tariff-free imports of coal. Yet despite both the easing of the recession and the consequent willingness of the electrical utilities to buy more coal, stocks have gone on increasing and are unlikely to stand much below the 20m. tonne mark at the end of this year.

One way out of the paradox of long-term need and short-term glut has been forcefully called for by Herr Karl Heinz Bund, chairman of Ruhrkohle, the giant of the hard coal industry. He wants to see utilities and coal producers conclude a much longer range of offtake agreements which will allow the coal industry to undertake the huge investments needed to meet the energy gap which all sides agree will begin to be felt in the mid-1980s. By 1981, according to Herr Bund, the industry could produce some 45m tonnes if it could be sure of selling the coal.

Looking further ahead, Ruhrkohle has concluded on the basis of test drillings conducted since the early 1960s that West Germany has vast new deposits of coal stretching north from the Ruhr area towards Muenster, Bremen and eventually under the North Sea, though at depths as much as three times greater than the 1,500 metres of the deepest pits being worked now.

In the meantime the West German engineering industry is pushing ahead fast with exploitation of new techniques for gasification and chemical refining of coal.

Adrian Dicks

East Europe

WHEN IT comes to energy, East Europe is a good example of how it pays to be a tortoise rather than a hare. Because of the region's notorious technology lag and its slowness to adapt to changing world circumstances it never developed a high dependence on oil and other "new" types of energy. Instead, it continued to rely on coal, and even peat and firewood for fuel.

It is true that oil and nuclear power were on their way. But when the oil crisis hit the world with such far-reaching effects in the early 1970s, East Europe suffered less than the West. Oil, at the time, accounted for a mere quarter of the energy balance, while the share of coal was well over 40 per cent.

By good fortune rather than good judgment, the East Europeans were therefore much better placed to ride the crisis, and, as it turned out, they had less reorganising to do than countries who found themselves consuming large amounts of the most expensive forms of energy.

Even so, East Europe learnt a lesson from the oil crisis. All the Comecon countries got together to formulate a new energy policy which found expression both in the new Five Year Plans approved last year and in a new long-term energy policy extending towards the end of the century.

Coal is unevenly distributed in East Europe. The Soviet Union has gigantic deposits of all types of coal, though they are not always located in the best regions. Poland has some of the best hard coal reserves in Europe, East and West, and is among the world's largest exporters. But elsewhere, deposits consist mainly of soft and brown coal which barely meet the countries' needs.

As a whole, Comecon is a net exporter of coal to world markets, but within the region there is much shuffling of supplies.

Despite their wealth of coal, the Russians face special problems. The traditional coalfields in South East Russia and the Ukraine like the Donbas have been heavily worked and are no longer of long-term importance. Future supplies will have to come from new coalfields which have been located much further East in Siberia and Kazakhstan.

One of the world's largest coalfields is in the process of development at Kansk Achinsk east of Lake Baikal. This open-cast brown coal mine will eventually yield no less than 700m. tons a year to feed a gigantic 6,400 mW thermal power station nearby, and a brand new industrial complex.

Relocation

This fits into Moscow's broader strategy of industrial relocation. During the last quarter of this century, the Soviet Union's industrial centre of gravity will shift gradually further eastwards, with the development of new producing regions based on local raw materials.

Poland, by contrast, is a major exporter, and would be unable without coal to sustain anything like its present level of trade with the West. Production in 1976 was 177m. tons of hard coal of which 40m. tons were exported, mostly for hard currency. Additionally, Poland produces around 50m. tons a year of soft coal which it uses to supply local power stations, like the giant Belchatow complex in the central region.

Deposits are being rapidly exploited, and large new sources of production should come on stream in the next five years. Traditional coal regions like Silesia appear to have reached maximum production, and a large new coalfield is now being opened up near Lublin in East Poland. Output is due to start this year and should reach 25m. tons a year by the end of the century. The project is one of the most important of its kind in Europe, comparable both in size and technology to Britain's Selby field. On it depends much of Poland's future economic viability, especially in view of its heavy hard currency debts.

In complete contrast, East Germany has just exhausted the last of its hard coal reserves. Mining is to cease this year, and production will concentrate instead on brown coal, of which the country has large reserves. Output is expected to reach some 250m. tons in 1980, but it may be some years before the country recovers the peak levels of over 260m. tons achieved in the 1960s.

The picture is similar in Czechoslovakia where three-quarters of the coal mined is the soft variety. The country is looking for a 10 per cent. increase in output by 1980, but production of hard coal is expected to remain static.

Both Romania and Bulgaria are looking for increases in coal output to compensate for the higher cost of oil. In both countries production is mainly of soft coal, and both make up for the hard coal shortage by importing. In Bulgaria's case imports come from the Soviet Union.

Romania, which has always sought to keep its dependence on the Russians to a minimum, imports mostly from the world market. In a highly unusual development, it has invested in a coal mine in Virginia, U.S., in order to secure a long-term source of supplies.

Hungary is the least fortunate when it comes to coal. What few deposits it has are mostly poor quality lignite, and production may even decline over the next three years, though not as fast as before.

Coal is only seen as a medium term solution to the energy problem in East Europe. An equally large effort is going into nuclear fuels whose prospects are distinctly brighter than they are in the West thanks to the lack of open debate in Communist countries.

By the end of the century, a large part of Comecon's electricity will come from nuclear power, and it may even push coal into second place. If this happens, Comecon will be in the unusual position of having completely bypassed the era of high oil dependence experienced by the West.

David Lascelles
East Europe Correspondent

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index rallies 4.7 in slow trading

BY OUR WALL STREET CORRESPONDENT

FOLLOWING the recent bout of weakness on interest rate worries, Wall Street managed a modest rally to-day in slow trading.

The Dow Jones Industrial Average picked up 4.78 to 842.06, while the NYSE All Common Index recovered 18 cents to $52.61. Rises outscored losses by 762 to 580, while trading volume came to 16.49m. shares, little changed from yesterday's 16.30m.

Analysts said investors drew some encouragement from reports of strong September sales by the nation's major retail chains.

Support also came from speculation that the weekly Money Supply figures, due at the market close, might show a decline.

After the close, the Federal Reserve announced that basic M1 Money Supply fell $1.2bn. in the statement week ended September 28, while the broader M2 Aggregate was down $600m.

Sears Roebuck, which reported a 19.1 per cent. jump in September sales, rose $1 to $29¼, but Safeway fell $1¾ to $39⅞ on a drop in third-quarter earnings to 64 cents a share from 97 cents a year earlier.

Dr. Pepper were active and down $⅝ to $15⅛—the company's President said take-over rumours were groundless, adding that the company would not consider even a friendly offer.

THE AMERICAN SE Market Value Index ended 0.08 firmer at 118.46. Volume 1.93m. shares (1.85m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sony	306,000	8	−⅛
Dr. Pepper	247,600	15⅛	−⅝
Fannie Mae	219,700	16⅞	+⅛
Sterling Drug	198,000	14⅞	+⅛
Savin Buss. Mchns.	162,700	29	+1½
Carter-Wallace	150,700	5⅞	+1½
Huyck	149,900	11⅞	+⅛
Pennzoil	147,500	28	+⅛
American Medicorp	143,200	14⅛	+⅛
U.S. Steel	137,500	30⅞	+1½

OTHER MARKETS

Canada irregular

Canadian Stock Markets made an irregular showing at yesterday's close, having partially recovered from fresh earlier losses. The Toronto Composite Index registered a net gain of 0.8 at 997.1, while Oils and Gas added 3.8 at 1,229.5, but Golds, after recent strength, reacted 10.6 to 1,116.3.

PARIS—Market lost further ground in slack trading, the ½ point rise in Call Money to 8½ per cent. discouraging buyers.

Oils were mixed, but otherwise stocks fell back across the board. Peugeot.

Redoubt declined Fr.tt to Frs.560, BIC Frs.52 to Frs.609, and Afrique Occidentale Frs.9.5 to Frs.360.0.

U.S. and Canadian issues eased, but Germans were steady, while International Oils and Golds were mixed.

BRUSSELS—Local shares were mixed, but with gains holding an edge over losses in quiet trading.

Solvay "A" were Frs.25 higher at Frs.2,640 on announcing increased first half profits in industrial activities.

U.K. and German shares firmed, but U.S. and French eased. Gold Mines gained ground.

AMSTERDAM—Shares were narrowly mixed, interest being restrained by Wall Street's overnight further decline.

Banks and Insurances were steady, while irregular Shippings had Hal Fl.t.10 higher.

Among Dutch Internationals, Unilever shed Fl.0.30 and Royal Dutch Fl.0.90, but Hoogovens improved Fl.0.70.

State Loans weakened.

OSLO—Banks and Insurances were quiet, while Industrials looked unsteady.

VIENNA—Easier in livlier trading.

COPENHAGEN — Banks and Communications were unchanged on balance, Insurances higher, Shippings generally lower and Commodities and Industrials mixed.

SWITZERLAND—Slightly firmer for choice on selective demand.

Schweizerische Kreditanstalt were actively higher in Banks. Financials made a mixed showing, while small gains predominated in leading Industrials.

In a moderately active foreign sector, Dollar stocks eased, while Dutch Internationals were irregular, but Germans pointed higher.

GERMANY—Prices rose across the board in active trading, with domestic institutional investors showing strong buying interest.

Volkswagen gained DM3.40 to a year's high of DM198.80, while Banks were up to DM4.50 firmer.

Chemicals were led higher by BASF, up DM1.90 at DM151, while Siemens improved DM2.40 to DM278.10 in Electricals.

SPAIN — Market remained depressed, with the Madrid index slipping 0.33 to a fresh low point for the year of 64.86. Banks had Santander 7 lower at 294 and Central 8 down at 284 while, elsewhere, Olarra, 94, and Sarrio Papalera, 75.50 receded 4 apiece.

MILAN—Late demand partially reversed an earlier downward trend, leaving the market with a mixed appearance at the close after moderate activity.

Fiat rose L35 to L2,026 and Pirelli gained L20 to L2,180, reflecting optimism for a favourable Government decision on export credits to finance deals that the two companies are negotiating with Algeria.

Montedison added L7.25 at L226.25, but Bastogi were L4 lower at L373.

Bonds were slightly higher.

HONG KONG—Slightly easier after fairly quiet trading.

Hong Kong Bank and Swire Pacific shed 10 cents each to HK18.00 and $HK6.30 respectively, while Hutchison, $HK3.225, and Wheelock Marden, $HK2.525, were both 2.50 cents easier. However, Hong Kong Land and Jardine Matheson hardened 10 cents apiece to $HK7.00 and $HK14.30 respectively.

TOKYO — Wednesday's firmer tone was reversed as export-orientated shares led a general decline following the Yen's fresh appreciation against the dollar on the Tokyo foreign exchange market. Volume 340m. shares (320m.).

Among Electricals and Motors, Sony lost Y10 to Y2,120, Pioneer Y60 to Y1,580, Victor Japan Y40 to Y1,110, Toyota Motor Y20 to Y950 and Honda Y8 to Y580.

Many Blue Chips and Populars initially extended the previous day's rally, but later weakened, although Oils, Foods, Textiles and Department Stores showed resistance to the downtrend.

AUSTRALIA—Mining issues were generally firm, but other sectors were inclined to ease again on continued speculation of a possible General Election.

Among Uraniums, Pancontinental gained 10 cents to $A7.40, Queensland Mines 5 cents to $A1.60, and Peko-Wallsend 10 cents to $A4.40. Elsewhere in Mines, Audimco added 6 cents at $A1.20 and CRA 2 cents at $A2.42.

Retailers had Myer 5 cents cheaper at $A1.70 on the results. BHP stood out in Industrials with a fall of 8 cents to $A5.18, while News lost 5 cents to $A1.80 and Nicholas 4 cents to 70 cents. Sugars, however, provided a bright spot in CSR, up 6 cents at $A2.86.

JOHANNESBURG—Gold issues were mostly easier, reflecting a lack of interest after lower Bullion prices, although West Driefontein rose R1 to R34.50, St. Helena 45 cents to R15.30, and President Brand 15 cents to R16.50.

Financial Minings were generally at previous levels. Elsewhere, De Beers lost 2 cents to R5.03.

Platinums were mixed and Coppers fluctuated around previous levels, while Collieries were softer. Industrials recorded small gains. Huletts, in Sugars, advanced 10 cents to R2.25.

Indices

NEW YORK—DOW JONES

	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Sept. 30	Sept. 29	1977 High	1977 Low	Since compil'tion High	Since compil'tion Low
Industrial	842.06	837.32	840.00	851.96	847.11	840.02	999.75 (3/1)	834.74 (28/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	95.08	95.12	95.22	96.42	95.45	95.40	96.57 (7/9)	0.88 (7/5)	—	—
Transport.	216.94	214.99	216.77	218.01	215.48	215.16	246.64 (13/6)	212.75 (21/9)	279.88 (7/2/69)	13.23 (7/7/32)
Utilities	114.21	115.55	116.58	118.62	116.25	112.57	118.67 (22.7)	104.97 (25/2)	163.3 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	16,490	16,300	20,850	19,460	21,170	21,160	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Sept. 30	Sept. 23	Sept. 16	Year ago (approx.)
	5.52	5.57	6.26	3.89

STANDARD AND POORS

	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Sept. 30	Sept. 29	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	105.81	105.28	105.60	106.47	108.22	105.49	118.92 (3/1)	104.54 (23/9)	134.84 (11/1/73)	3.52 (30/6/32)
Composite	96.85	95.65	96.03	98.74	96.53	95.85	107.00 (3/1)	95.04 (23/9)	125.45 (11/1/73)	4.40 (1/6/32)

	Oct. 5	Sept. 22	Sept. 21	Year ago (approx)
Ind. div. yield %	4.67	4.62	4.67	3.58
Ind. P/E Ratio	9.18	9.43	9.40	11.66
Long Govt. Bond yield	7.65	7.64	7.62	6.23

N Y S E ALL COMMON

Oct. 6	Oct. 5	Oct. 4	Oct. 3	1977 High	1977 Low
52.61	52.43	52.60	52.84	57.87 (4/1)	52.07 (23/9)

Rises and Falls	Oct. 6
Issues Traded—1,867	Up—762
Down—580	Same—528
New Highs—31	New Lows—35

		Oct. 6	Oct. 5	Oct. 4	Oct. 3	1977 High	1977 Low
MONTREAL	Industrial	165.85	165.85	168.88	166.24	188.47 (17/3)	164.54 (22/9)
	Combined	179.74	172.89	170.66	173.50	187.86 (19/1)	171.47 (22/9)
TORONTO	Composite	997.1	996.5	998.5	1002.1	1067.4 (12/7)	979.4 (27/5)
JOHANNESBURG	Gold	193.5	195.5	192.8	185.5	195.5 (5/10)	159.4 (24/8)
	Industrials	209.4	208.7	207.7	205.1	209.4 (6/10)	169.1 (22/4)

	Oct. 6	Previous	1977 High	1977 Low
Australia (a)	424.15	424.89	469.11 (20/6)	412.65 (16/2)
Belgium (b)	95.11	94.92	99.12 (10/1)	92.61 (20/9)
Denmark (d)	101.67	101.71	107.32 (9/6)	93.96 (8/1)
France (e)	55.0	55.7	56.4 (7/1)	45.5 (10.6)
Germany (f)	777.3	774.2	790.7 (3/6)	712.5 (10/3)
Holland (g)	76.4	76.5	83.2 (4/5)	75.8 (29.9)
Hongkong (h)	425.42	425.51	452.17 (11/6)	413.60 (27/7)
Italy (i)	64.64	64.62	75.71 (5/1)	57.93 (14/6)
Japan (m)	365.95	367.44	390.93 (29/9)	364.70 (7/4)
Singapore (n)	260.25	260.42	268.02 (29/6)	242.28 (3/5)
Spain (p)	64.86	65.69	102.37 (1/5)	64.86 (6/10)
Sweden (q)	335.24	337.01	416.62 (22/3)	306.44 (6/9)
Switzerl'd (r)	315.5	314.5	316.6 (5/10)	280.5 (15.3)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300-1,000, the last-named based on 1975). (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam, Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (o) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. a Interim since increased.

$ still weak

NEW YORK, Oct. 6.

The U.S. dollar remained under pressure in the foreign exchange market yesterday, with only its Canadian counterpart looking even weaker among the world's major currencies. A rise in U.S. wholesale prices in September was a further depressing factor on top of current anxiety about the size of the U.S. trade deficit.

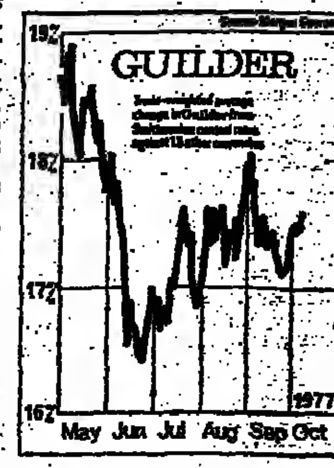
The close link between the two North American economies has further weakened the Canadian dollar recently, which also suffers from fears about future political events in Canada and a narrowing of interest rate differentials between New York and Montreal.

The Canadian unit touched a low point of 91.84 U.S. cents, its lowest level for about eight years, and closed at 92.05½ compared with 92.46½ previously.

The U.S. dollar's trade-weighted depreciation since December 1971, as calculated by Morgan Guaranty of New York, widened to 1.29 per cent. from 1.09 per cent., partly as a reflection of a further sharp rise by the Japanese yen. This touched a high point of Y258.30, and closed at Y258.50, in terms of the dollar, compared with Y260.75 on Wednesday.

The Bank of Japan intervened in the market to prevent too sharp an appreciation by the yen, and many European central banks also gave support to the dollar, including the Bank of England. The authorities' intervention kept the pound's trade-weighted index unchanged from yesterday at 62.4, on Bank of England figures, while it touched $1.7604-1.7607 against the dollar, the highest level since September last year. Sterling closed at $1.7595-1.7599, a rise of 24 points on the day.

Gold fell $¾ to $154-154½, reflecting some nervousness and disappointment at the result of the IMF gold auction.



CURRENCY RATES

	Special Drawing Rights October 6	European Unit of Account October 6
Sterling	0.664048	0.653400
U.S. dollar	1.16899	1.15056
Canadian	1.26882	1.25187
Austria Sch.	19.1878	18.8183
Belgian franc	41.8984	40.8734*
Danish krone	7.15714	7.04007
Deutschemark	2.67933	2.63599
Dutch Guilder	2.84708	2.80192
French franc	5.69444	5.60271
Italian lira	1029.88	1016.25
Japanese yen	303.119	297.781
Norway krone	6.41659	6.31006
Spain peseta	98.5798	97.0635
Swedish krona	6.21768	5.62418
Swiss franc	2.71827	2.67278

*Rate is for convertible franc. Financial franc 40.8877.

GOLD MARKET

	Oct. 6	Oct. 5
Gold Bullion (a fine ounce)		
Close	$154-154¼	$154¾-155
Opening	$153¾-154¼	$155-155¾
Morning fix'g	$154.25 (£87.627)	$155.20 (£88.31)
Aftern'n fix'g	$154.00 (£87.496)	$155.05 (£88.227)
Gold Coins, domestically		
Krugerrand	$156¾-160¾ (£90¼-91¼)	$159¼-161 (£90¾-91¾)
N'w Sov'gns	$47¾-49¾ (£27¼-28¼)	$47¾-49¾ (£27½-28½)
Old Sov'gns	$44½-46½ (£25¼-26¼)	$44¾-46¾ (£25½-26½)
Gold Coins (Interna'lly)		
Krugerrand	$158¾-160¾ (£90¼-91¼)	$159¼-161 (£90¾-91¾)
N'w Sov'gns	$47¾-49¾ (£27¼-28¼)	$47¾-49¾ (£27½-28½)
Old Sov'gns	$44½-46½ (£25¼-26¼)	$44¾-46¾ (£25½-26½)
$20 Eagles	$224-227	$224-227

FOREIGN EXCHANGES

Oct. 6	Bank Rate %	Day's Spread	Close
New York	6¾	1.7579-1.7607	1.7595-1.7599
Montreal	7½	1.8986-1.9165	1.9118-1.912[illegible]
Amsterdam	5½	4.28-4.30¼	4.28¼-4.29[illegible]
Brussels	9	62.38-62.80	62.45-62.55
Copenhagen	8	10.74-10.78½	10.76-10.77
Frankfurt	3½	4.02½-4.05	4.03-4.04
Lisbon	8	71.35-71.70	71.50-71.60
Madrid	8	148.20-148.70	148.40-148.5[illegible]
Milan	11½	1,548-1,552	1,550-1,551
Oslo	6	9.63-9.67	9.65½-9.66
Paris	9½	8.54-8.59	8.56½-8.57½
Stockholm	8	8.45-8.47½	8.44½-8.45
Tokyo	4¼	452-462	454½-455½
Vienna	6½	28.70-28.90	28.75-28.85
Zurich	1½	4.07½-4.10½	4.08½-4.09½

†Rates given are for convertible francs. Financial franc 62.35-62.55.

EXCHANGE CROSS-RATES

Oct. 6	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.2897-907	47.00-10	6.46-47	4.035-042	93.98-94.08	46.60-70
New York	43.67-68	—	20.51-53	2.8100-40	1.7594-7686	40.92-94	43.10-12
Paris	212.34-38	4.8652-8772	—	13.695-729	8.5655-585	199.7-200.2	209.25-75
Brussels	15.49-53	35.60-56	7.28-31	—	62.46-61	14.56-60	15.26-31
London	4.03-04	1.7595-99	8.56½-57½	62.45-55	—	4.28½-29½	4.08¼-09¼
Amst'dam	106.295-345	2.4343-87	49.95-50.00	6.8595-615	.285-2905	—	104.765-815
Zurich	101.33-40	2.4223-3231	47.68-.71	6.5358-406	4.0252-871	95.32-39	—

*U.S. $ in Montreal U.S. $=109.63-65 Canadian Cents. Canadian $ in New York $=91.97-980 U.S. cents. U.S. $ in Milan 880.80-1.10. Sterling in Milan 1549.95-1549.70. *Rate for Oct. 5.

EURO-CURRENCY INTEREST RATES*

Oct 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss franc	W. German mark
†Short term	6½-6⅝	6⅝-6⅞	6-7	4-4¼	½-⅝	3½-3⅝
7 days notice	5½-6⅝	6½-6⅝	2⅜-7⅛	4-4¼	¾-1	6¼-3⅝
Month	5⅛-5⅝	6¾-7	7-7⅝	4⅜-4⅝	1⅛-1⅜	3⅛-6⅛
Three months	6½-6	7-7¼	7⅛-7½	4⅛-4¾	2⅛-2⅜	3⅛-6⅞
Six months	6⅝-6⅞	7⅜-7⅝	7⅝-7¾	5-5¼	2¾-2⅞	6⅞-4
One year	7⅛-7½	7⅜-7⅝	7¼-7⅞	8½-5¾	3-3⅛	4-4⅛

Euro-French deposit rates: two-day 8½-9 per cent.; seven-day 8½-9 per cent.; one-month $9\frac{1}{16}$-$9\frac{5}{16}$ per cent.; three-month 9⅞-9⅞ per cent.; six-month 10⅜-10⅝ per cent.; one-year 10⅝-11 per cent.

Long-term Eurodollar deposits: two years $7\frac{7}{16}$-$7\frac{9}{16}$ per cent.; three years 7⅝-7⅞ per cent.; four years 7⅞-8 per cent.; five years 7⅞-8⅛ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month $6\frac{11}{16}$-$6\frac{13}{16}$ per cent.; three-month $6\frac{15}{16}$-$7\frac{1}{16}$ per cent.; six-month $7\frac{3}{16}$-$7\frac{5}{16}$ per cent.; one-year 7⅜-7½ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

OTHER MARKETS

[illegible]

Rate given for Argentina is free rate.

FORWARD RATES

[illegible]

Six-month forward dollar [illegible]; 12-month [illegible].

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—92% (91%).

NEW YORK

Stock	Oct. 6	Oct. 5
Abbott Labs.	81⅞	61¼
AM International	14⅛	14⅛
Aetna Life & Cas.	36¼	36¼
[illegible]		

Stock	Oct. 6	Oct. 5
Corning Glass	62½	62⅝
CPC Int'n'tional	54¼	64⅝
Crane	27¼	27¼
Crocker Nat.	25	25
Crown Zellerbach	33⅞	33¾
[illegible]		

Stock	Oct. 6	Oct. 5
Johns Manville	36½	30¼
Johnson Johnson	73	73
Johnson Control	24⅛	24¼
Joy Manufactur'g	35	34⅞
K. Mart Corp.	30	30
[illegible]		

Stock	Oct. 6	Oct. 5
Revlon	45⅝	45¾
Reynolds Metals	31⅛	31¼
Reynolds R.J.	62⅝	62⅝
Rich'son Merrell	24¼	24
Rockwell Inter.	30¼	30¼
[illegible]		

Stock	Oct. 6	Oct. 5
Woolworth	18⅞	18¾
Wyly	1⅝	1½
Xerox	53⅜	63½
Zapata	11⅜	11½
Zenith Radio	14	14
[illegible]		

CANADA

[illegible]

GERMANY ◆

[illegible]

TOKYO ¶

Oct. 6	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	360		14	2.0
Canon	510	−8	11	1.1
Casio	495	+2	25	2.5
Chinon	420	−10	30	2.4
Dai Nippon Print	552	−5	18	1.6
Fuji Photo	765	−13	15	1.0
Hitachi	204		12	2.9
[illegible]				

AUSTRALIA

Oct. 6	Aust. $	+ or −
ACMIL (25 cent)	†0.74	+0.01
Acrow Australia	†0.66	—
Allied Mnfg-Trdg. Indus $1	†1.96	—
Ampol Exploration	†0.80	—
[illegible]		

OSLO

[illegible]

BRAZIL

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ◆

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

STOCKHOLM

[illegible]

SPAIN ♥

[illegible]

‡ Traded. ◆ New stock.

FARMING AND RAW MATERIALS

Land sale exceeds £280,000

By Christopher Parkes

FARMERS from the Wigton area of Cambria paid up to £3,379 an acre this week at the sale of the 119-acre Midtown Farm, Little Bampton. The total sale realised £288,000.

Estate agents Harrison and Hetherington said that they were pleased at the prices paid for the land, which was sold in 10 separate lots.

"We expected a good price but this beat anything we've ever known around here," he said. Stressing that none of the land involved had any development value, he suggested that prices had been helped by a general lack of land for sale in the area.

The lots were also conveniently sized and placed for local farmers wanting to expand their holdings.

The highest price was paid for a 11.5 acre patch of arable land. A 9.4 acre lot of grazing and meadow land with road access and mains water on tap fetched £2,394 an acre.

The three-bedroomed farmhouse—built of clay—and the other farm buildings sited together on an 8.5 acre plot, sold for £26,000.

EEC Commission resists British fish limits plea

BY ROBIN REEVES

BRUSSELS, Oct. 6.

THE EUROPEAN Commission is resisting the U.K. Government's demand for "dominant preference" for British fishermen up to 50 miles offshore, as part of a revised common fisheries policy.

Instead it is keeping to its original plan to limit exclusive national fishing to a coastal band no more than 12 miles, with the remaining inside the EEC's new 200-mile limit being distributed among Common Market fleets on the basis of catches in the past 10 years.

That was made clear by Mr. Finn Gundelach, the Brussels Commissioner for Fisheries commenting on his London talks this week with Mr. John Silkin, the Minister of Agriculture.

Mr. Gundelach underlined that the Commission regarded its plan and its emphasis on quotas as a start of a definitive new common fisheries policy at what it said to be crucial negotiations of the Council of Ministers on October 24 and 25 in Luxembourg.

Before the Luxembourg meeting, the Commission will publish proposals by Marine biologists on what should be the total catches allowed next year for the stocks of 60 or more species in EEC waters, Mr. Gundelach said.

If Ministers could agree on those then the council would have a concrete foundation upon which to distribute available fishing.

The distribution to be proposed by the Commission would first be based on the so-called NEAFC key—voluntary national quotas agreed under the defunct North East Atlantic Fisheries Commission.

The EEC Commission would also build into its proposed sharehout the need to take account of the economic dependency on fishing of Ireland's and North Britain's coastal areas.

The British view is that distributing fishing on the basis of performance over the past 10 years weights in favour of fleets responsible for over-fishing.

The signs are that Mr. Silkin is prepared to haggle first over quantities of fish available to British fishermen in EEC waters.

Assuming they were agreed, the designation of fishing zones around the British and Irish coasts as exclusive or with "dominant preference" for the coastal state would be drawn on a map afterwards.

Calazans resignation denied

BY SUE BRANFORD

SAO PAULO, Oct. 6.

ANGELO CALMON DE SA, Minister of Trade and Industry, blamed yesterday's fall in coffee prices on unfounded rumours that Camilo Calazans, president of the Brazilian Coffee Institute, was about to resign.

"There is a constant campaign on the New York market to push prices down. It never entered Camilo's head to offer his resignation and much less mine to accept any such request," he said.

Sr. Calazans confirmed that the Government was considering new support measures for the exporters because of the standstill in sales.

Among problems facing exporters are the vendas frias, or non-existent sales registered by companies for the purpose of obtaining government credit. Although technically illegal, the deals occur frequently, with the exporters selling the coffee at a later date.

The paralysed coffee market has upset the normal procedure. The IBC has fixed October 12 as the deadline by when all coffee registered for export has to be shipped. It is estimated that at least 300,000 bags of unsold coffee have been registered.

If the IBC forces exporters to pay back the loans obtained by fraud, more of the country's 80 exporters may go bankrupt, following the two crashes earlier this year.

Unconfirmed rumours suggest that the IBC is negotiating the sale of 300,000 bags to Algeria to help the exporters.

Official export figures show that Brazil sold 3,700 bags of coffee last month. As sales were similarly low in July and August, that means that Brazil sold just under 9m. bags during the first three-quarters.

Bumper rice crops expected

MANILA, Oct. 6.

THE PHILIPPINES may export rice next year following what is expected to be a bumper harvest.

In a report to President Ferdinand Marcos, Arturo Tanco, Minister of Agriculture, said rice production for the three months ended September 1 was expected to be 5.3m. tonnes, up 15 per cent. on the same period last year.

That suggests a minimum increase in production for the year of 9.7 per cent. or about 8m. tonnes compared with 7.35m.

It should give a surplus over consumption and reserves of about 400,000 tonnes.

In Rome, the UN Food and Agriculture Organisation has forecast that world rice production this year may reach a record.

FAO forecasts world paddy production at 351m. tonnes.

That would exceed last year's crop of 343m. tonnes by 2.2 per cent. and would also top the 1975 record of 348m. tonnes.

Reuter

Consumers 'mislead' over bacon prices

BY RICHARD MOONEY

THE GOVERNMENT was yesterday accused of "leading consumers up the garden path" on bacon prices. Mr. H. M. Newton-Clare, chairman of the Bacon and Meat Manufacturers' Association said the Government was seeking to keep prices down because of short-term political considerations but warned that it could lead to the consumer "paying through the nose" in the long run.

He said the sow and boar slaughtering rate had reached an "unprecedented" 8,000 a week and that investment had all but ceased. "And the Government has done little to remedy this situation."

Mr. Newton-Clare said things were getting better for pig producers but that processors' problems would continue because of the burden imposed by the EEC monetary compensatory amounts which subsidised bacon imports into the U.K. by 30 per cent.

He accepted that this problem could not be solved overnight but said processors expected to see some evidence that the Government was committed to seeking a solution. "I confidence falls much lower investment grants may be necessary to prevent the structure of the industry breaking up altogether," he said.

The association also complained that the EEC's Common Agricultural Policy had been allowed to threaten the U.K. beef manufacturing industry through distortions to the pattern of imports.

It said the industry was being denied necessary supplies of clean manufacturing beef which could not be produced in Europe. "European conditions are ideal for the production of prime roasting beef," he said, "but completely wrong for the production of the lean range beef needed for production of sausages and pies."

Canadians join zinc price cuts

By John Edwards, Commodities Editor

FURTHER PRESSURE on the European zinc producer price came yesterday when the leading Canadian producers, Cominco and Noranda, announced they were cutting their U.S. prices by two cents to 32 cents a lb. In line with the reductions by U.S. producers this week.

No announcement was made about their official European price of $700 a tonne, but normally a cut in North American values is quickly followed by a similar move downwards in Europe.

However actual selling prices in Europe including imports from Canada, are well below the official producer quotation of $700, so a price cut would merely be recognition of the present situation.

Producers are anxious to avoid another price reduction in an effort to defend the producer price system.

Norzinc yesterday said in Oslo that it had no intention of cutting the producer price.

In Paris Penarroya, part of the Imetal group, said that output at its Noyelles-Godault plant will be halted for 10 days in December, resulting in a 3,000 tonnes loss of production.

There would also be further cuts next year. The cut was in line with recommendations of the International Lead and Zinc Study Group.

Zinc values on the London Metal Exchange were slightly lower yesterday in line with the general fall in metal prices, as a result of the rise in the value of sterling.

Cash tin, however, rose to a new peak of £6,900 a tonne as the nearby supply shortage worsened.

Sharp rise in rubber exports

SINGAPORE, Oct. 6.

EXPORTS of sheet and crepe rubber from Singapore and Malaysia rose to 146,474 tonnes in June compared with 133,080 tonnes in June last year.

Statistics department figures show that of the exports the U.K. took 7,296 tonnes, the U.S. 38,511, West Germany 8,540, Japan 1,960, Soviet Union 100, and China 19,050.

Exports of latex and revertex fell to 13,273 tonnes in June from 14,579 tonnes in June last year.

Exports of all types of rubber in June totalled 159,747 tonnes compared with 147,659 tonnes, bringing total exports in the first six months to 1,043,874 tonnes against 981,718.

Reuter

U.K. GRAIN MARKET SUPPORT

Intervention is no soft option

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

GRAIN prices after a record harvest are low, but they would certainly be lower still were it not for the floor put in the market by the Community's intervention buying system. So far no grain has been actually sold to the intervention authorities. The only lot offered has been withdrawn.

However, it is possible that by January, when the intervention price of feed wheat and barley reaches £74.71 a tonne, a jump of £5 compared with December, there may be considerable offerings. Many farmers are believed to be holding on to their grain in order to take advantage of the rise.

The intervention price for feed barley this month is £66.84 a tonne compared with an at-farm price of around £64, and forward prices seem to be showing the same differential of between £2 and £3 a tonne between the two prices.

The reason for this is that the intervention price is for grain delivered to one of the intervention board's stores, and the costs of transport which the vendor would have to bear would account for the difference.

Selling into intervention is open to any farmer or trader as long as he offers a minimum quantity of at least 100 tonnes of EEC grain. That is the figure for the U.K. The EEC minimum is 80 tonnes, but the actual national figure is at the country's option.

The procedure is complicated and contains a number of pitfalls compared with selling on the normal market. In the latter case the grain is sold on sample, and as long as the bulk comes up to sample on delivery, it is accepted.

For intervention selling the first approach has to be made to the intervention board or the Home-Grown Cereals Authority. For practical purposes the actual work is the responsibility of the regional cereal officers who are stationed at Ministry of Agriculture regional centres.

These officers will send farmers or traders the conditions governing intervention and a choice of three intervention stores convenient to the place where the prospective seller has the grain. He can then choose the store to which he wishes to send the grain—at his own expense. If by any chance the grain has to be sent to a more distant store the intervention board will make up the difference in transport cost.

There are 22 grain intervention stores in the U.K. Some are public, others leased. Their capacity is not known but it is said officially to be adequate and could be increased by renting more private storage.

If details of the consignment offered appear to be acceptable the board will indicate the intervention centre and the times within which delivery must be completed. If the offerer decides not to accept he must advise the board within 48 hours otherwise the offer will be considered binding.

The grain offered must reach certain minimum quality conditions before the storekeeper will accept it and every load is tested on arrival.

If it does not pass those tests it will be rejected to be hauled away at the owner's expense.

The main standards are a maximum moisture content by immediate test of 15 per cent. No more than 15 per cent. of what are called impaired grains of which not more than 12 per cent. can be sprouted, other impurities are cereals of other varieties, split or heated grains, weed seeds and insects. Those conditions are pretty tough and probably more stringent than many compounders and other users would insist on.

One important point is that the test for sprouted grain is visual only, there is no insistence on a germination test of any sort to check this.

The tests include a more elaborate moisture test, for determining the real moisture content and a thorough examination of the bushel weight and the size of grain. On the result of these tests the final payment for the load, once accepted is assessed.

There is also provision for intervention support for breadmaking wheat, but that is of academic interest at the moment, because the support is to be phased out on October 31. It is unlikely to be needed in the U.K. this year because of the poor quality of this year's harvest, but future support is, I understand, likely to be based on private storage subsidies or similar measures.

The tests for bread-making wheat include a special test ensuring the farmer or trader £35 from a sample which has been drawn by a representative of the board. The grain cannot be moved to store until this test has been passed.

In all cases when offers to intervention are proposed, would-be sellers are well advised to have prices test done on their grain to obviate as far as possible the chance of having samples turned down on delivery.

There is no appeal against the storekeeper's judgement if he detects insect pests. But he can be challenged and a sample sent for independent analysis if the objections are on other grounds. If the seller loses he has to remove the grain at his own expense.

Offering grain to intervention is no easy option. It is complicated and can be costly, not to be undertaken lightly, and it is certainly not the way to dispose of sub-standard parcels.

In parts of Europe, particularly France and Germany, grain is often sold substantially below intervention levels because of the difficulties of qualifying for this support.

In the U.K. as a deficit area intervention buying should not really be necessary in a normal year. And the rules seem to ensure that it will be kept that way.

Over the next two years, cereals production in Britain could top 20m. tonnes compared with present-day yields of 15m. to 16m. tonnes. That, according to Sir Emrys Jones, principal of the Royal College of Agriculture Cirencester, is quite within the reach of modern farming techniques.

One variety of wheat at present on the U.K. market has the potential to produce yields as high as 6 tonnes an acre compared with standard output to-day of around 2 tonnes, he said.

Sir Emrys was launching a £5,000 award scheme backed by a major seeds company aimed at highlighting advances in cereals growing achieved not under laboratory conditions, but by farmers.

The farmer putting into practice the best new idea next year will win £3,000 and the Nickerson Trophy. Second, third and fourth-placed growers will win £1,000, £600 and £400.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

SOYABEAN MEAL

SUGAR

COCOA

COFFEE

SILVER

GRAINS

RUBBER

WOOL FUTURES

MEAT/VEGETABLES

JUTE

PALM OIL

PRICE CHANGES

Price per tonne unless otherwise stated.

U.S. Markets

NEW YORK, Oct. 6.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

I.G. Index Limited 01-351 2466. November Coffee 1858-1902

1. Tax free trading on commodity futures

2. The commodity futures market for the smaller investor

PERSONAL

Peru anchovy fishing

LIMA, Oct. 6.

ANCHOVY FISHING, suspended in May in all but the southern Ilo area, will not resume in Peruvian waters before the second half of next year, the Fisheries Ministry said.

The decision follows recommendations by Peru's Oceanographic Institute.

The target catch for this year has been lowered to 2m. tonnes of anchovies and other species, including sardines and bake, against almost 4m. last year.

Reuter

STOCK EXCHANGE REPORT

British Funds bought again but equity leaders lag

Share index up only 1.9 at 518.7 after 523.1—HP's good

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 19	Sep. 29	Sep. 30	Oct. 11
Oct. 3	Oct. 13	Oct. 14	Oct. 25
Oct. 17	Oct. 27	Oct. 28	Nov. 8

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Renewed demand for British Funds again featured stock markets on confident expectations of a further reduction in short-term interest rates to-day despite another signal for moderation in this respect from the Bank of England. The emphasis switched from short-dated issues to the longer end of the Gilt-edged market although the earlier maturities saw a good turnover and ended with a predominance of small gains. Elsewhere, there were numerous rises to a full point and occasionally more. A rise of 0.40 to 79.03 took the Government Securities index to 0.82 below last Friday's 65-month high.

The strength of the Funds failed to excite demand for leading equities where potential buyers seemed disinclined to chase prices higher following Wednesday's late improvement and a further mark-up when business started yesterday. In a reversal of the previous day's progressively firmer trend, quotations yesterday gradually slipped back from the best to end with small mixed price changes and the FT 30-share index, 6.3 up at 10 a.m., closed with a net rise of only 1.9 at 518.7.

Second-line equities, on the other hand, met with selective demand and were also in the process of catching up on Wednesday's rise in the leaders. The overall tone was illustrated by gains outnumbering falls in FT-quoted Industrials by nearly four-to-one and by rises of about 1 per cent. in the FT-Actuaries three main indices. The Hire Purchase and Property sectors stood out on the prospect of cheaper money, while Contracting issues were good again on hopes of special treatment for the industry in a reflationary package.

Long Gilts up

Talk of a reduction of ½ to 5½ per cent. in Minimum Lending Rate to-day and of a similar fall next week fuelled another good demand for long-dated British Funds. After recording fresh gains of 1¼, prices boiled over in the afternoon, but picked up again later to close at, or near, the day's best and were firming still in the late dealings. The announcement from the Price Commission that index rates indicate a progressive reduction in the inflation rate came too late to find reflection in quotations. Numerous gains to a full point were seen at the end and £30-paid Treasury 12 per cent., 1995, on which a £332m. call is due from the public next Tuesday, put on 1¼ more to 41¾. Following the previous day's burst of strength, the short end of the market attracted profit-taking which was largely absorbed in a good day's turnover. Closing quotations here showed narrowly mixed changes on the overnight levels, but the undertone remained quite firm with small gains predominant. Sentiment in the shorts was helped by the exhaustion of the Government Broker's supplies of Exchequer 3 per cent., 1983, which put on ⅛ to 87¾, but the market was probably held in check by the Treasury 8½ per cent. tap issue which held at 98¾. Corporation stocks followed the main Funds with gains ranging to ¾ and the Cardiff 11 per cent., 1986, issue was heavily oversubscribed yesterday.

In recently-issued Fixed Interest British Land 12 per cent. Convertible rose 4 to £116.

Investment currency rates were again notably firm reflecting a steady demand, generally for the purpose of investment in U.S. securities, and the absence of any arbitrage offerings. As a result, the premium gained a point more to 92 per cent. Yesterday's SE conversion factor was 0.7693 (0.7745).

Merchant Banks higher

Interest in Merchant Banks revived with prices making fresh headway during the course of a lively trade. Helped by favourable Press mention following the encouraging annual statement, Guinness Peat advanced 12 to 230p. Mercury Securities also found support at 177p, up 7. Although a little firmer, leading Banks were restrained by the possibility of a further reduction in base lending rates, but hopes of lower rates prompted further demand for Hire Purchase issues, Sterling Credit advancing 8 more to 46p and Provident Financial 6 further to 119p.

Insurances also attracted buyers and recorded some useful gains.

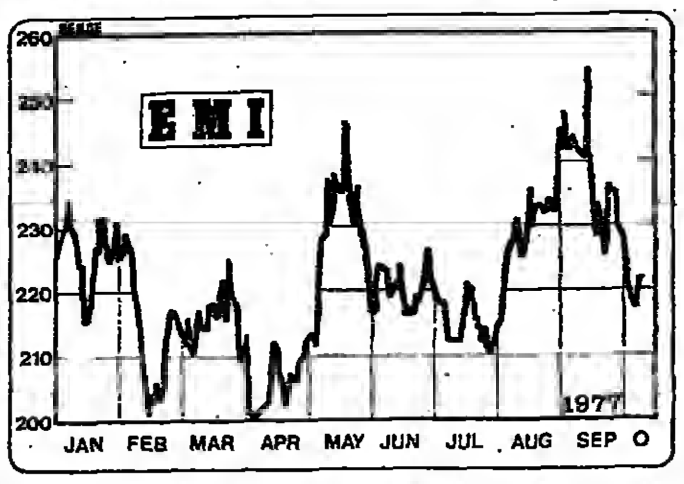
Press comment directed attention to A. Bell, which improved 8 to 378p for a two-day gain of 24. Macallan Glenlivet were also popular and rose 10 further to 170p.

Hopes that the Construction sector will be given a boost in any reflationary measures promoted fresh demand for Building issues. Among Contractors, J. Mowlem moved up 8 to 132p in response to the interim results, while others to make headway included Marchwiel, 6 dearer at 274p, Norwest Holst, 7 up at 76p, and Geo. Wimpey, 4 better at 87p. EPB were in demand ahead of the interim dividend, due later this month, and advanced 7 to 273p. Tarmac gained 5 more to 168p, while continuing bid hopes left Roberts Adlard up 7 more at 82p. G. H. Downing advanced 15 to 245p in a restricted market.

ICI opened a little firmer at 430p, but drifted back to close 2 cheaper on balance at 425p. Lankro moved up 10 to 120p and speculative demand left Stewarts Plastics 8 to the good at 102p.

Proceedings in Electricals were dominated by the performance of EMI which closed 5 higher at 222p, after 226p, on bear covering following the preliminary figures which were at the bottom of the range of market estimates. Thorn Electrical ended 10 better at 418p, after 422p. Press comment caused a flurry of interest in Crellon which closed 5 better at 42p.

Store leaders closed below the best. BHS improved to 226p



before drifting back to close 2 dearer on balance at 223p and GUS "A" ended 3 up at 339p, after 342p. Elsewhere, renewed hopes of increased consumer spending encouraged fresh demand for Currys, up 12 more at 208p, and James Walker, which advanced 9 further to 78p. By way of contrast, Time Products came back 6 to 110p after the previous day's speculative rise. Lee Cooper continued to reflect disappointment with the interim statement and lost 3 more to 107p.

Late casiness among leading stocks marred a bright showing in the Engineering sector. Hawker managed a small gain to 190p, but GKN ended with a fractional loss at 302p, after 308p. Secondary issues were highlighted by Wolseley-Hughes, up 10 at 172p, APV, 15 better at 440p, and Spear and Jackson, which put on 6 to 168p. Davy International were prominent at 279p, up 3, Babcock and Wilcox put on 4 to 124p and Williams and James were similarly dearer at 63p. R. Cartwright were raised 6 to 62p, while news items prompted firmness in Raine, 17½p, and Warne Wright, 45p. Comment about gloomy second-half prospects took a toll on Percy Lane which, at 58p, gave up 6 more after Wednesday's fall of 5.

Foods moved higher in active trading with retailers well to the fore on hopes of benefits from reflationary measures. J. Sainsbury improved 13 to 242p, while similar rises were seen in Hillards, 285p, and William Morrison, 212p. Nurdin and Peacock advanced 9½ to 100½p in a restricted market. Other firm spots included Bejam, 6 better at 157p, and Rowntree Mackintosh, 16 to the good at 433p.

Hotels and Caterers contributed their fair share of firm spots. Trust Houses Forte stood out at 181p, up 5, while Savoy "A," 66p, and Prince of Wales, 70p, put on 3 apiece. Leisure and General improved 4 to 51p in response to the annual report.

Holt Lloyd responded to the increased dividend and profits with a rise of 7½ to 123p, while Hunting Associated also reflected satisfaction with the results at 176p, up 8. Elsewhere in the Industrial sector, G. W. Sparrow were noteworthy for a rise of 8 at 120p and similar rises were recorded in BTR, 278p, and Maynards, 110p. Press comment on the results prompted demand for Thomas French which advanced 12 to 65p in a thin market, but Morgan Crucible closed 3 cheaper at 126p following the warning that third-quarter trading margins are under pressure. Renewed speculative demand was seen in Bath and Portland, which rose afresh to 85p before reacting on news of the two acquisitions to close 2 dearer on balance at 83p. W. Vinten firmed 6 to 62p in a restricted market. Satisfactory annual figures left Reed Executive 3 dearer at 68p, and Cope Allman 2 to the good at 63p. Metal Box were in demand and put on 14 to 356p.

Distributors continued to make the running in Motors and closed with some good gains. Henlys featured with a rise of 6 to 130p on revived bid speculation, while T. Cowie, 39p, Tate of Leeds, 33p, and H. and J. Quick, 35½p, all closed 4 harder. Lex Service moved up to a 1977 peak of 57p on institutional demand before finishing 2½ up at 52p. Jonas Woodhead were also supported at 23½p, up 11, on revived speculative interest. British Leyland, however, eased 3 to 20p on growing concern about the company's liquidity.

Enthused by the prospect of lower short-term interest rates, Properties were well traded initially and moved higher throughout the list. Many held new peaks for the year, including Stock Conversion, 8 up at 250p, and Slough Estates, 5 dearer at 114p. Of the leaders, Land Securities gained only 2 to 222p and MEPC were similarly higher at 121p, while English put on 2½ to 42p. Elsewhere, brokers' recommendations caused demand for Regional A, 3½ firmer at 57½p, while Summit View Estates attracted inquiry on the view that they had been overlooked and closed 4 up at 55p. Revived speculative buying pushed Property Security 5 higher to 138p and, in a thin market, Hammerson A rose 10 to 587p. Others to the fore took in Berkeley Hambro, which ended 8 better at 107p, and Allnatt London, 7 up at 195p. Peachey settled only marginally firmer at 70½p, after 72p, following the fresh rejection of the Allied London offer. Among smaller-priced issues, Joseph Webb improved 2 to 18p.

Wall Street and Middle East influences held Oils in check and, while Shell remained at the overnight level of 602p, British Petroleum drifted to close at 912p for a loss of 4. Discussion of the North Sea news cast a shadow over some speculative issues. Gas and Oil Acreage, which reported abandonment of a well in the Netherlands sector, fell 10 to 115p. CCP North Sea Associates were marked down 1 in [illegible] and Cluff Oil 25 to 400p. Against the trend, Siebens (U.K.) hardened 4 to 290p. Elsewhere, bear-covering intermingled with recovery hopes pushed Berry Wiggins up sharply to 32p for a rise of 6 despite news of last year's £3m. loss.

In Overseas Traders, Jamaica Sugar were marked down [illegible] 12½p on the company's statement regarding its trading [illegible].

Investment Trusts attracted a better business and closed with a lengthy list of modest gains. Atlantic Assets were good late at 81p, up 2½, reflecting its interest in Crows Nest Industries which is subject to an offer. In Financials, S. Pearson improved 5 to 202p awaiting to-day's interim report and Authority Investments hardened 2 to 20½p in front of to-day's interim figures, while other firm spots included London Merchant Securities, 3 better at 74p, and Kakuzi, 8 higher at 93p.

After Wednesday's erratic gyrations on the interim figures, P. and O. Deferred became a steadier market and closed 1½ easier at 135p. Milford Docks, at 84p, gave up 2 on the first-half profits setback, but Hunting Gibson edged up 3 to 236p awaiting to-day's interim figures.

Tobaccos showed resilience in the face of Imperial Tobacco's announcement that it was cutting back its substitute tobacco manufacture owing to poor public response. Imps closed 3 harder at 83p, while Rothmans International moved up 3 to 57p on vague talk of an imminent broker's circular.

Teas had contrasting features in Moran, 100 higher at 480p as fresh bidder following Wednesday's drop of 110p, and in Assam Frontier which fell 15 to 355p awaiting fresh developments in the bid situation.

Tins firm again

Tin shares were again the main feature of the mining markets. Most activity centred on Saint Piran in the wake of its successful South Crofty share offer and the price rose 10 to 93p before closing unchanged at 90p.

Geevor continued to advance in sympathy, gaining 20 to 510p in a market short of stock. Malaysian issues were also firmer on Eastern advices but business was fairly quiet. Tronoh reached a high for the year at 185p, up 7.

South African gold shares on the other hand were subdued in the aftermath of the International Monetary Fund action. Although the securities rand rate remained steady, the bullion price was easier, closing 75 cents lower at $154.375 an ounce. The Gold Mines index was 0.9 higher at 148.4; helped by premium influences.

Movements were generally small with Winkelhaak 4 easier at 620p. Among the second line issues which have recently attracted interest, S.A. Land were down 1 at 61p.

Business in London-based Financials was sporadic. The undertone was steady but prices closed below the best reflecting industrial market influences.

Charter were the most active, closing 1 better at 132p, after 135p. RTZ eventually finished 1 easier at 203p, while Consolidated Gold Fields were similarly firmer at 200p, but Selection Trust were 4 harder at 454p.

In Australians, Peko-Wallsend [illegible] rise of 10 to 335p. Pacific Copper were 3 higher at 40p after a rights issue. Its Canadian counterpart, Pacific Copper Mines, continued to move erratically, falling 14 to 148p.

Also among Canadians, Yukon Consolidated were suspended on Wednesday at 125p because of its involvement in Crows Nest Industries, which is subject to an offer.

FINANCIAL TIMES STOCK INDICES

	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Sept. 30	Sept. 29	A year ago
Government Secs.	79.08	78.68	78.58	79.68	79.85	78.40	[illegible]
Fixed Interest	80.14	79.79	79.69	80.50	79.06	78.47	[illegible]
Industrial Ordinary	518.7	516.8	513.8	520.1	520.7	515.4	[illegible]
Gold Mines	148.4	147.5	148.0	149.1	146.1	144.5	[illegible]
Ord. Div. Yield	5.17	5.17	5.21	5.15	5.14	5.20	[illegible]
Earnings Y'ld% (full)*	15.90	15.21	15.31	15.14	15.12	15.29	[illegible]
P/E Ratio (net) (*)	9.38	9.38	9.31	9.42	9.43	9.33	[illegible]
Dealings marked	5,645	5,816	6,344	6,772	5,457	6,644	[illegible]
Equity turnover £m.	—	75.83	100.76	117.21	128.24	104.96	[illegible]
Equity bargains total	—	14,369	17,186	18,238	19,923	18,344	[illegible]

10 a.m. 523.1. 11 a.m. 522.2. Noon 522.3. 1 p.m. 521.5. 2 p.m. 521.2. 3 p.m. 520.6.
Latest index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=5.31.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS | S.E. ACTIVITY

	1977 High	1977 Low	Since Compilation High	Since Compilation Low		Oct. 6	Oct. 5
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged	239.9	251.[illegible]
					Industries	211.7	184.[illegible]
Fixed Int.	80.50 (3/10)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)	Speculative	46.1	41.[illegible]
					Totals	151.8	132.[illegible]
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)	5-day Av'rage Gilt Edged	235.0	235.[illegible]
					Industrials	200.2	217.[illegible]
Gold Mines	149.1 (3/10)	98.1 (26/8)	442.3 (22/5/75)	43.5 (26/10/71)	Speculative	41.4	41.[illegible]
					Totals	141.2	141.[illegible]

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 27	Oct. 10	Dec. 29	Jan. 11
Oct. 11	Oct. 24	Jan. 12	Jan. 24
Oct. 25	Nov. 7	Jan. 26	Feb. 7

For rate indications see end of Share Information Service

Calls were dealt in P. and O. Deferred, Paringa, GRA Property Trust, British Land, Burmah Oil, MEPC, Premier Consolidated Oil, Consolidated Gold Fields, Ultramar, Mining Supplies, James Walker, A. Berry Wiggins, Racal Electronics, Laurence Scott, Valor, Mettoy, UDT, Brasway, Capital and Counties, Town and City, United Scientific, Higgs and Hill, Turner Manufacturing, Rustenberg and Wite Nigel. Puts were done in Mining Supplies, Inveresk, Ultramar, "Gra..." Metropolitan Warrants and Dated Oil. Ladbroke Warrants, while doubles were arranged in P. and O. Deferred, Paringa, Gussies, GRA Property Trust, Burmah, Wiggins and Premier Consol.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (367)
BRITISH FUNDS (52)
INTERNATIONAL BANK (1)
CORPORATION LOANS (5)
LOANS (1)
BANKS (17)
BEERS (8)
BUILDINGS (56)
CHEMICALS (6)
CINEMAS (1)
DRAPERY AND STORES (13)
ELECTRICALS (11)
ENGINEERING (50)
FOODS (22)
HOTELS (4)
INDUSTRIALS (52)
INSURANCE (8)
MOTORS (8)
NEWSPAPERS (2)
PAPER AND PRINTING (6)
PROPERTY (34)
SHIPPING (3)
SHOES (2)
TEXTILES (5)
TOBACCOS (1)
TRUSTS (68)
OVERSEAS TRADERS (1)
RUBBERS (3)

TEAS (1)
MINES (11)

NEW LOWS (3)
CANADIANS (2)
Inco — Royal Bank Canada
OVERSEAS TRADERS (1)
Jamaica Sugar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	55	4	[illegible]
Corps. Dom. and Foreign Bonds	21	8	[illegible]
Industrials	608	153	[illegible]
Financial and Prop.	301	13	[illegible]
Oils	2	10	[illegible]
Plantation	15	1	[illegible]
Mines	34	10	[illegible]
Recent Issues	13	3	[illegible]
Totals	1,059	201	[illegible]

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight at 7.30 LAST PERFORMANCE this season of David Blake's TOUSSAINT. [illegible]

COVENT GARDEN. 240 1066. (Gardencharge 836 6903) SPECIAL ANNOUNCEMENT THE TROJANS [illegible]

SADLER'S WELLS THEATRE. Rosebery Ave. E.C.1. 837 1672. [illegible]

THEATRES

ADELPHI THEATRE. 01-836 7611. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

AMBASSADORS. [illegible]

APOLLO. [illegible]

CAMBRIDGE. [illegible]

COMEDY. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

DUKE OF YORK'S. [illegible]

FORTUNE. [illegible]

GARRICK THEATRE. [illegible]

GLOBE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KING'S ROAD THEATRE. [illegible]

LYRIC THEATRE. [illegible]

MAYFAIR THEATRE. [illegible]

MERMAID. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX. [illegible]

PICCADILLY. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S THEATRE. [illegible]

RAYMOND REVUEBAR. [illegible]

REGENT. [illegible]

ROUND HOUSE. [illegible]

ROYAL COURT. [illegible]

ROYALTY. [illegible]

SAVOY. [illegible]

SHAFTESBURY. [illegible]

STRAND. [illegible]

ST. GEORGE'S ELIZABETHAN THEATRE. [illegible]

ST. MARTIN'S. [illegible]

TALK OF THE TOWN. [illegible]

UPSTAIRS. [illegible]

VAUDEVILLE. [illegible]

VICTORIA PALACE. [illegible]

ENTERTAINMENT GUIDE IS CONTINUED ON PAGE 15

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p.	+ or –	Div. Amount	Times Covered	Gross Yield	P/E Ratio
645	300	10/12	400	347	BP £1pd.	388	–2	g17.1	1.4	5.3	15.5

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	12	425	–2	446	325
Marks & Spencer	25p	11	170	+1	173	86
English Property	50p	10	43	+2½	51	33
Associated Dairies	25p	9	290	+2	[illegible]	188
BATs Defd	25p	9	227	—	260	202
Barclays Bank	£1	9	283	+5	[illegible]	[illegible]
Bath and Portland	25p	9	83	+2	[illegible]	[illegible]
Commercial Union	25p	9	177	+6	[illegible]	107
EMI	50p	9	222	+5	[illegible]	200
Reed Intl	£1	9	206	—	233	168
Shell Transport	25p	9	602	—	635	454
GEC	25p	8	275	+4	[illegible]	203
GUS "A"	25p	8	339	+3	347	174
Saint Piran	25p	8	90	—	96	36
Tarmac	50p	8	168	+5	220	127

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Oct. 6, 1977 Index No.	Day's Change %	Est. Earnings Yield% (Max.) (ACT at 34%) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. Oct. 5 Index No.	Tues. Oct. 4 Index No.	Mon. Oct. 3 Index No.	Fri. Sept. 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (175)	219.94	+1.2	15.60	5.13	9.20	217.27	216.81	218.07	217.08	114.17
2	Building Materials (28)	[illegible]									
3	Contracting, Construction (26)	[illegible]									
4	Electricals (16)	[illegible]									
5	Engineering (Heavy) (8)	[illegible]									
6	Engineering (General) (68)	[illegible]									
7	Machine and Other Tools (8)	[illegible]									
8	Miscellaneous (19)	[illegible]									
11	CONSUMER GOODS (DURABLE) (53)	[illegible]									
12	Lt. Electronics, Radio TV (15)	[illegible]									
13	Household Goods (12)	[illegible]									
14	Motors and Distributors (26)	[illegible]									
21	CONSUMER GOODS (NON-DURABLE) (174)	[illegible]									
22	Breweries (14)	[illegible]									
23	Wines and Spirits (6)	[illegible]									
24	Entertainment, Catering (16)	[illegible]									
25	Food Manufacturing (21)	[illegible]									
26	Food Retailing (15)	[illegible]									
32	Newspapers, Publishing (14)	[illegible]									
33	Packaging and Paper (14)	[illegible]									
34	Stores (39)	[illegible]									
35	Textiles (24)	[illegible]									
36	Tobaccos (3)	[illegible]									
37	Toys and Games (6)	[illegible]									
41	OTHER GROUPS (96)	[illegible]									
42	Chemicals (19)	[illegible]									
44	Office Equipment (6)	[illegible]									
45	Shipping (10)	[illegible]									
46	Miscellaneous (54)	[illegible]									
49	INDUSTRIAL GROUP (498)	[illegible]									
51	Oils (4)	[illegible]									
59	500 SHARE INDEX	[illegible]									
61	FINANCIAL GROUP (100)	[illegible]									
62	Banks (6)	[illegible]									
63	Discount Houses (10)	[illegible]									
64	Hire Purchase (5)	[illegible]									
65	Insurance (Life) (10)	[illegible]									
66	Insurance (Composite) (7)	[illegible]									
67	Insurance Brokers (10)	[illegible]									
68	Merchant Banks (14)	[illegible]									
69	Property (31)	[illegible]									
70	Miscellaneous (7)	[illegible]									
71	Investment Trusts (50)	[illegible]									
81	Mining Finance (4)	[illegible]									
91	Overseas Traders (19)	[illegible]									
99	ALL-SHARE INDEX (673)	228.93	+1.1	—	4.84	—	226.51	223.63	226.05	224.95	126.63

FIXED INTEREST PRICE INDICES

	British Government	Thur. Oct. 6	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	111.70	+0.06	—	7.03
2	5-15 years	128.70	+0.06	—	7.36
3	Over 15 years	136.60	+0.84	—	9.92
4	Irredeemables	148.56	+0.66	—	9.82
5	All stocks	124.53	+0.49	—	8.26

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thur. Oct. 6	Wed. Oct. 5	Year ago (approx.)
1	Low Coupons	5 years	5.81	5.85	10.56
2		15 years	[illegible]	[illegible]	14.28
3		25 years	9.67	9.96	14.53
4	Medium Coupons	5 years	8.75	8.77	13.52
5		15 years	9.88	9.96	14.75
6		25 years	10.49	10.55	[illegible]
7	High Coupons	5 years	8.93	8.98	[illegible]
8		15 years	10.91	11.02	15.75
9		25 years	11.08	11.09	15.88
10	Irredeemables		10.99	11.09	15.90

		Thurs. Oct. 6 Index No.	Yield %	Wed. Oct. 5	Tues. Oct. 4	Monday Oct. 3	Friday Sept. 30	Thurs. Sept. 29	Wed. Sept. 28	Tues. Sept. 27	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	62.49	11.88	62.47	62.50	62.61	61.59	61.01	59.00	58.83	44.49
16	Investment Trust Prefs. (15)	50.79	12.86	50.79	50.41	50.47	55.18	55.35	55.28	[illegible]	41.23
17	Coml. and Indl. Prefs. (20)	79.20	11.45	79.25	79.47	79.53	78.49	77.51	77.71	77.18	55.84

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	7 %	■ Hill Samuel	§ 7 %
Allied Irish Banks Ltd.	7 %	C. Hoare & Co.	† 7 %
American Express Bk.	7 %	Julian S. Hodge	8 %
Amro Bank	7 %	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7 %	Knowsley & Co. Ltd.	8½%
Bank of Credit & Cmce.	7 %	Lloyds Bank	7 %
Bank of Cyprus	7 %	London & European	8½%
Bank of N.S.W.	7 %	London Mercantile	7 %
Banque Belge Ltd.	7 %	Midland Bank	7 %
Banque du Rhone S.A.	7½%	■ Samuel Montagu	7 %
Barclays Bank	7 %	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	7 %
Bremar Holdings Ltd.	8 %	Norwich General Trust	7½%
Brit. Bank of Mid. East	7 %	P. S. Refson & Co.	7 %
■ Brown Shipley	7 %	Rossminster Acceptances	7 %
Canada Permanent AFI	7 %	Royal Bk. Canada Trust	7 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
Cayzer Ltd.	7½%	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8 %
■ Charterhouse Japhet	7 %	Shenley Trust	9½%
C. E. Coates	8 %	Standard Chartered	7 %
Consolidated Credits	7 %	Trade Dev. Bank	7 %
Co-operative Bank	* 7 %	Trustee Savings Bank	7 %
Corinthian Securities	7 %	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie	§ 7 %	Whiteaway Laidlaw	7½%
Eagil Trust	7 %	Williams & Glyn's	7 %
English Transcont.	8 %	Yorkshire Bank	7 %
First London Secs.	7 %		
First Nat. Fin. Corpn.	8 %		
First Nat. Secs. Ltd.	8 %		
■ Antony Gibbs	7 %		
Goode Durrant Trust	7 %		
Greyhound Guaranty	7 %		
Grindlays Bank	‡ 7 %		
■ Guinness Mahon	7 %		
■ Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3¼%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 4% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

FOOD PRICE MOVEMENTS

	£ Oct. 6	£ Week ago	£ Month ago
BACON			
Danish A.1 per ton	1,035	1,035	1,035
British A.1 per ton	1,010	1,010	1,010
Irish Special per ton	1,010	1,010	1,010
Ulster A.1 per ton§	1,010	1,010	1,010
BUTTER (packets)			
NZ per 20 lbs	10.63-10.74	10.63-10.74	10.44-10.74
English per cwt†	62.05	62.05	62.05
Danish salted per cwt†	68.15-69.47	67.15-69.47	65.15-66.14
CHEESE†			
English cheddar rindless per tonne	1,219.42	1,219.42	1,219.42
NZ per tonne	1,130	1,130	1,130
EGGS*			
Home-prod. Standard	3.60-3.90	4.00-4.30	3.85-3.85
Large	3.85-4.15	4.10-4.50	4.00-4.20
	Oct. 6 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	45.0—50.0	46.0—50.0	47.0—50.0
Eire forequarters	31.0—33.0	32.0—34.0	—
LAMB			
English	49.0—54.0	46.0—50.0	44.0—53.0
NZ PLs-PMs	41.0—48.0	41.0—47.0	36.0—43.0
MUTTON			
English ewes	—	—	—
PORK (all weights)	36.0—42.0	34.0—41.0	31.0—39.0
POULTRY			
Broiler chickens	31.0—34.0	31.5—35.2	30.8—34.0

* London Egg Exchange price per 120 eggs. † Delivered. § For delivery October 8-15.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 27th September, 1977 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 130.23
Clive Fixed Interest Income 122.59

CORAL INDEX: 518-523

INSURANCE BASE RATES

† Property Growth .... 7 %
Cannon Assurance 3¾%
* Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
99¾	95 3/16	Treasury 3pc '77‡‡	99¾	......	3.01	5.28
99 23/32	94 7/16	Transport 3pc '72-77	99 23/32	......	4.01	5.35
101 13/32	95⅝	Treasury 9pc 1978‡‡	101 13/32	......	8.85	5.10
103 13/16	97⅜	Treasury 10½pc '78‡‡	103 13/16	+⅛	10.11	5.53
99⅞	90 13/16	Exch. 5pc '76-78‡‡	99⅞	+⅛	5.02	5.13
106 13/16	95 3/16	Treasury 11½pc '79‡‡	106¾	......	10.77	6.47
97⅜	84 15/16	Treasury 3pc '79‡‡	96⅜	+⅛	3.11	4.98
98¾	85⅛	Electric 4¼pc '74-79	98	+⅛	4.34	5.33
106⅝	92	Treasury 10½pc '79‡‡	106⅝xd	+1/16	9.85	7.02
96¼	84⅞	Electric 3½pc '76-79	96¼	......	3.64	5.40
107	87¾	Treasury 9pc 1980‡‡	106⅝	−⅛	8.49	6.01
105½	88¾	Treasury 9½pc '80‡‡	105½	......	9.00	7.13
96	82⅞	Treasury 3½pc '77-80	96	+⅛	3.65	5.10
97½	83¾	Funding 5¼pc '78-80‡‡	97½	+⅛	5.38	6.27
111 13/16	96½	Exchequer 13pc 1980‡‡	111 13/16	+¼	11.65	8.67
108⅛	92 3/32	Treasury 11½pc 1981‡‡	108⅛	+3/16	10.64	8.56
94¼	77⅞	Treasury 3½pc 1979-81	94¼	......	3.71	5.38
104	86¾	Treasury 9¾pc 1981‡‡	104xd	+⅛	9.37	8.41
103½	97½	Exch. 9½pc 1981	102⅝	−¼	9.26	8.67
98¾	97⅛	Treas. Variable '81	97½	−⅛	—	—
113⅜	96¼	Exch. 12¾pc 1981‡‡	113 5/16	......	11.25	8.82
100⅝	82⅞	Treas. 8½pc '80-82	100¼	......	8.48	8.41
95⅛	71⅝	Treasury 3pc '82‡‡	93⅛	+⅛	3.22	4.76
119 3/16	101⅝	Treasury 14pc '82‡‡	119 5/16	+¼	11.73	8.67
98½	97¼	Treas. Variable '82	97½	−⅛	—	—
99⅝	98¼	Treas. 8¼pc '82	98⅝	......	8.36	8.62
102¼	93⅝	Exch. 9¼pc 1982	102⅛	......	9.06	8.71

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 29⅞% (based on $US1.7587 per £)

Conversion factor 0.7693 (0.7745)

CANADIANS

[illegible]

S.E. List Premium 29⅞% (based on $1.9098 per £1)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	30	Coronation 25c	58	+5	Q5c	8.4	5.3
160	70	Falcon Rh.50c	160	......	†Q35c	1.7	21.4
18	9	Rhod'n Corp 16⅔p	18	......	0.57	4.3	4.3
165	75	Roan Cons. K4	75	......	—	—	—
164	129	Tanganyika 50p	150	......	Q11.0	1.1	7.3
75	70	Do. Pref. 80p	75	+3	Q9%	16.4	9.6
36	27	Wankie Col. Rh.1	35	......	Q7½c	ϕ	22.2
27½	12½	Zam.Cpr.SBD0.24	13½	......	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	10	Acmex 25c	12	......	—	—	—
127	57	Bougainville 50 Toea	58	......	Q10c	1.5	11.0
138	86	BH South 50c	59	......	—	—	—
325	119	Conzinc Riotinto 50c	196	......	Q9c	2.3	2.3
50	18	G.M. Kalgoorlie $1	47	......	—	—	—
142	77	Hampton Areas 5p	93	......	1.45	4.1	2.4
35	10	Metals Ex. 50c	11	......	—	—	—
242	136	M.I.M. Hldgs. 50c	138xd	+2	Q9c	ϕ	4.0
205	15	Mount Lyell 25c	15	......	—	—	—
2¾	1	Newmetal 10c	1½	......	—	—	—
120	83	North B. Hill 50c	95	......	Q8c	1.5	5.3
8½	4½	Nth. Kalgurli	8½	......	—	—	—
133	87	Oakbridge $A1	127	......	Q11c	ϕ	5.5
55	20	Pacific Copper	40	−3	—	—	—
£13	575	Pancont 25c	600	+25	—	—	—
19	8	Paringa M&E 5c	19	−3	—	—	—
555	345	Peko-Wallsend 50c	355	−10	Q15c	ϕ	2.6
—	—	Poseidon 50c	75#	......	—	—	—
12	6	Vulcan Min. 50c	12	......	—	—	—
164	99	Western Mining 50c	103	−1	Q6c	ϕ	3.6
75	40	Whim Creek 20c	40	......	—	—	—

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
39	18	Amal. Nigeria	30	+2	2.51	ϕ	13.8
395	265	Ayer Hitam SM1	280	+5	tQ45.7c	ϕ	36.8
56	25	Beralt Tin	48	......	4.06	2.3	11.8
225	155	Berjuntai SM1	220	+10	Q60c	ϕ	—
510	260	Geevor	518	+20	18.15	ϕ	5.4
13	8	Gold & Base 12½p	9½	......	—	—	—
325	190	Gopeng Cons.	325	+15	13.2	1.9	6.2
125	72	Hongkong	125	......	—	—	—
95	60	Idris 10p	95	......	9.14	1.0	14.6
10	7	Jantar 12½p	8½	......	—	—	—
72	30	Kamunting SM0.50	70	+1	ZQ15.5c	1.2	5.5
440	260	Killinghall	440	......	†Q50.0	ϕ	11.4
380	217	Malay Dredging SM1	380	+25	tQ95.5c	1.1	6.2
27#	£	ΔPahang	27#	......	†Q2.5	0.5	9.3
67	50	Pengkalen 10p	67	+2	5.58	1.3	12.6
180	133	Petaling SM1	180	......	mQ12½c	10.9	1.7
90	55	Saint Piran	90	......	1.84	4.6	3.1
163	77	South Crofty 10p	163	+6	tQ19.46	1.4	11.9
248	148	Sthn. Malayan	245	+2	tQ32.82	1.1	13.4
115	57	Sungei Besi SM1	115	......	—	—	—
•60	19	Supreme Corp. SM1	55	......	ZQ10	—	4.5
93	42	Tanjong 15p	93	+3	6.35	0.7	10.3
80	45	Tongkah Hrbr. SM1	80	+5	tQ16.9c	0.3	5.2
185	93	Tronoh SM1	185	+7	ZQ50c	2.0	4.0

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	103	Messina R0.50	132	......	Q45c	2.8	22.8

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9	......	—	—	—
107	58	Colby Mines SC1	80	+2	—	—	—
600	290	Cons. Murch. 10c	380	......	tQ140c	1.4	‡
475	290	Northgate C$1	320	......	—	—	—
247	173	R.T.Z.	203	−1	t8.5	q3.1	6.5
70	31½	Sabina Inds. C$1	31½	......	—	—	—
£14⅞	£9⅞	Tara Exptn. $1	£10⅛	−⅛	—	—	—
55	39	Tehidy Minerals 10p	55	......	1.21	ϕ	3.5
160	121	Yukon Cons. C$1	123#	......	Q6½c	3.6	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution, bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

£ Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents.
ϕ Figures or report awaited.
†† Unlisted security.
¢ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
** Free of Stamp Duty.
◆ Merger bid or reorganisation in progress.
ϕ Not comparable.
◆ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
✦ Regional price.
‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights", Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	......	Sheff. Refrshmt.	40	......
Ash Spinning	40	......	Shiloh Spinn.	28	......
Bertam	18	......	Sindall (Wm.)	85	......
Bdg'wtr. Est. 50p	270	+2			
Clover Croft	21	......	**IRISH**		
Craig & Rose £1	375	......			
Dyson (R.A.)	25	......	Conv. 9% '80/82	£99¼	+¾
Ellis & McHdy.	61	......	Alliance Gas	60	......
Evans Frk. 10p	23	......	Arnott	260	......
Everard	15½	......	Carroll (P.J.)	92	−3
File Forge	43	......	Clondalkin	71	......
Finlay Pkg. 5p	17½	......	Concrete Prods.	102	+2
Graig Ship £1	335	......	Heiton (Hldgs.)	43	......
Higsons Brew.	103	......	Ins. Corp.	127	......
I.O.M. Stm. £1	160	......	Irish Ropes	130	......
Holt (Jos.) 25p	225	......	Jacob	50	......
N'thn. Goldsmith	33	......	Sunbeam	19½	......
Pearce (C.H.)	103	......	T.M.G.	115	+3
Peel Mills	14	......	Unidare	65	......
Sheffield Brick	47	......			

OPTIONS
3-month Call Rates

Industrials		House of Fraser	12	Tube Invest.	30
A. Brew	6½	I.C.I.	23	Unilever	40
A.P. Cement	18	"Imps"	7	Utd. Drapery	7½
B.S.R.	12	I.C.L.	20	Vickers	15
Babcock	10	Inveresk	7	Woolworths	ϕ
Barclays Bank	25	Ladbroke	11		
Berry Wiggins	5	Legal & Gen.	12	**Property**	
Beecham	38	Lex Service	6	Brit. Land	5
Boots Drug	15	Lloyds Bank	22	Cap. Counties	3½
Bowaters	16	"Lofs"	5	E.P.	5
B.A.T.	6	London Brick	5	Intereuropean	5
British Oxygen	6	Lonrho	8	Land Secs.	18
Brown (J.)	20	Lucas Inds.	25	MEPC	10
Burton 'A'	6	Lyons (J.)	9	Peachey	6
Cadburys	5	"Mams"	7	Samuel Props.	10
Courtaulds	18	Marks & Spencer	10	Town & City	2
Debenhams	8	Midland Bank	25		
Distillers	13	Nat. West. Bank	22	**Oils**	
Dunlop	8½	Do. Warrants	8	Brit. Petroleum	60
Eagle Star	11	P & O Dfd.	13	Burmah Oil	8
E.M.I.	18	Plessey	7	Shell	28
Gen. Accident	17	R.H.M.	5	Ultramar	19
Gen. Electric	16	Rank Org. 'A'	18		
Glaxo	40	Reed Intl.	18	**Mines**	
Grand Met.	7	Revertex	20		
G.U.S. 'A'	18	Spillers	4	Charter Cons.	12
Guardian	18	Tesco	4	Charterhall Fin.	3½
G.K.N.	25	Thorn 'A'	22	Cons. Gold	12
Hawker Sidd.	£60	Trust Houses	13	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday October 7 1977

Abbey breaks Societies' line

BY MICHAEL CASSELL

THE ABBEY NATIONAL, Britain's second largest building society, has decided not to comply with last month's recommendation by the Building Societies Association to reduce its rates to investors. Other major societies are likely to follow Abbey.

The move comes despite the continuing fall in general interest rates, underlined by to-day's expected drop in the Bank of England's minimum lending rate.

It represents the first significant departure in years from the association's recommendations on interest rates, although the Abbey is reducing its mortgage rate to 9.5 per cent. in line with other societies.

The decision means that most investors—understood to be anyone who lodges money with the Abbey by November 1, when the lower interest rates were due to take effect—will continue to receive a gross yield of 10.31 per cent. on their investment beyond that date, against the 9.09 per cent. due to take effect next month. New investors after November 1 will receive the lower rate.

It is believed that the Abbey initially intends to maintain existing interest rates until the end of January, when it will review the situation again.

The decision to go against the Association recommendation reflects the healthy operating position of Abbey, reflected by several other of the largest societies. Margins have been particularly strong for most of this year and an unequal shift in interest rates — rejected last month because of the weaker position of smaller societies — provides the large operations with the chance to pass on to savers some of the benefits of their success.

Abbey confirmed that the proposal was "under consideration," although the association has been formally notified of its intentions. Mr. Norman Griggs, secretary general of the association, described the move as "extremely unusual" and said it was due for discussion next week.

Last month the movement experienced one of its best ever periods for net receipts, with the total approaching £450m. against £302m. in the previous month. October is likely to be at least as good and, because of high liquidity levels, the outlook for home loans early in 1978 looks encouraging.

Although building society executives are extremely reluctant to begin discussing the chances of yet another fall in the mortgage rate, some of the major societies have this week been hinting that further adjustments may be possible early in the new year.

They are anxious to emphasise, however, that further reductions in minimum lending rate will not alone trigger off changes to the movement's own rate structure. The ability to meet demand for mortgage funds will continue to be their major priority.

MLR is expected in the money market to come down by another ½ per cent. to-day to 5½ per cent. after the weekly Treasury Bill tender.

This will underline the pressure on the building societies, and present renewed problems for the clearing banks which are likely to be forced to reduce their lending rates, now operating on a 7 per cent. base rate.

These are already well out of line with the general market level. The strong and growing competition for loan business from U.S. banks in London was underlined yesterday with the announcement by Chemical Bank that it was cutting its sterling base rate from 7 to 6½ per cent. from to-day.

Chemical has also reduced its deposit rate from 6 to 5½ per cent. The U.K. clearing banks are now offering 3 per cent. on their normal seven-day, branch deposits, and are reluctant to reduce this further because of competition for funds by other outlets including the building societies.

The Bank of England yesterday repeated its signal through its operations in the money market that it wanted moderation in the fall in rates. But it was felt that a ½ per cent. cut in MLR could be acceptable to the authorities to-day.

THE LEX COLUMN

EMI changes its tune

Index rose 1.9 to 518.7

The message about EMI's declining tempo has been clearly put over since the first half produced a 24 per cent. rise in pre-tax profits; last month the group warned about a sharp slowdown in orders for its medical scanners, and the Australian figures revealed a serious setback in the second half in the wake of the collapsing Australian colour TV market. In the end the full year figures with profits at £64.7m. pre-tax (incorporating a 6 per cent. second half decline) were still a little short of the revised market forecasts, but the shares managed to rally 5p to 222p on the day, perhaps in relief at the absence of anything really nasty in the figures.

The problem has been that both the major divisions have fallen back in the second half, admittedly in comparison to some extremely good results in January-June 1976. The music side has come under pressure in the U.S., Australia and Europe, while the contribution from electronics has failed to improve significantly for the year as a whole despite a one-third jump in turnover. Scanner profits have risen again, but the £12m. R and D budget this year shows the cost of keeping ahead in this high technology area. There was also progress in defence and industrial electronics last year, but these advances were almost offset by the Australian TV setback. The two minor divisions present a healthier picture: however, with the leisure side benefiting from the tourist inflow and television earnings getting a boost from Thames.

Apparently the current year has started off reasonably well, and the recent clutch of acquisitions will make a more significant contribution this time. But on the other hand the weighted average of shares in issue will rise as a result of the Development Securities takeover, and it is hard to see any great prospective reduction in the p/e, which is 8.4 on a fully diluted historic basis. The scanner glamour has been stripped out of the shares over the past year, and they need the support of a yield of 6.5 per cent.

Berry Wiggins

Berry Wiggins' long-delayed preliminary statement gives some indication of the company's overall losses on the ill-fated Algerian contract, now terminated. But a clear picture of the financial position will not be revealed until the accounts are published, or perhaps not until the annual meeting. The total loss for 1976 was £6m., after taking account of an extra £4½m. provision for exceptional losses in Algeria.

The contract with Sonatrach, the Algerian state oil company, was funded through a $28m. leasing deal—about $20m. of which related to Algeria—with Manufacturers Hanover Leasing International. Work started in April, 1976, six months behind schedule and by October the company was in serious trouble. It blames the losses on Sonatrach's refusal to accept cost escalation terms in the contract.

Now that the contract has been terminated without penalty on either side a question-mark must hang over the future of the four rigs—effectively chartered to Manufacturers Hanover—and the financing arrangements of the Sonatrach deal. The fact that no information about the company's balance-sheet is yet available suggests that negotiations may not yet have been completed.

Results for the first four months of 1977 show a [illegible] after tax of £52,000 [illegible] day's statement said [illegible] the Algerian rigs are [illegible] and redeployed [illegible] all sectors [illegible] be operating profitably [illegible] show of modest confidence [illegible] enough to put 6p on the [illegible] price which closed at [illegible] valuing Berry Wiggins at [illegible]

Farmers' bond

The Agricultural Mortgage Corporation's decision to [illegible] ment with a £3m. floating [illegible] bond issue is a sensible [illegible] its lending is running at [illegible] a year and up to 60 per [illegible] this is now negotiated on [illegible] ing rates. To fund this [illegible] come to rely increasingly [illegible] on floating rate bank [illegible] there is around £90m. [illegible] balance sheet at the moment.

As AMC is paying up to [illegible] per cent. over bank base [illegible] for this money there is [illegible] obvious advantage in [illegible] five-year money at only [illegible] cent. over six-month LIBOR. Indeed, the actual interest [illegible] AMC will pay for the first [illegible] months (6.75 per cent.) [illegible] quarter-point below base [illegible] If successful, and Mullens [illegible] hardly let it flop, AMC [illegible] like to return, maybe [illegible] quently as once a month [illegible] similar tranches of floating [illegible] money.

The other interesting [illegible] about the issue is that the Bank of England, which is AMC's major shareholder and [illegible] sponsoring the issue, appears [illegible] have conceded that [illegible] variable rate bonds to Treasury bills has not been [illegible] successful and interbank [illegible] make a better benchmark. [illegible] almost all respects the AMC issue is identical to the [illegible] and Oldham issue of [illegible] August. But while the [illegible] ties are virtually the same [illegible] AMC version is termed a [illegible] and the other two are [illegible] issues.

Western countries combine in big fuel-saving drive

BY ROBERT MAUTHNER PARIS, Oct. 6.

THE LEADING Western industrial countries to-day issued an urgent warning that, unless present energy-saving policies were greatly strengthened, the world would be short of oil and other forms of energy in the mid-1980s, and would face dire economic, social and political consequences.

The alarm was sounded in a communiqué published after a two-day ministerial meeting of the 19-nation International Energy Agency. To underline the gravity of the situation it set a group oil import target ceiling of 26m. barrels per day for 1985, and adopted a list of 12 principles on which national energy policies should be based.

The target for the IEA members as a whole is only some 4m. barrels a day higher than their present combined imports, and is about 6m barrels less than the projected imports of the area from the OPEC countries in 1985 on the basis of present energy policies.

Though the IEA has not set any specific import targets for individual countries, the group objective is based on the assumption that the US will achieve the import target of 8.5m barrels a day, laid down in President Carter's energy plan and that the European Community will hold its imports to the present 10m a day.

Mr. James Schlesinger, the US Energy Secretary, was in the vanguard of those ministers who predicted a disastrous future for the Western world failing a much greater effort to save energy. He said that if the required effort was not made, the Western economies would be faced not only by even more serious unemployment, inflation and balance of payments problems than at present, but would suffer social and political tensions "of a magnitude which we have not experienced since the 1930s."

The U.S. Energy Secretary readily admitted that his country, as the world's leading consumer and importer of oil, had a vital role to play in reducing the industrialised world's demand. Unless the U.S. was prepared to cut imports to the level demanded by President Jimmy Carter, other oil-importing countries would hesitate to make a similar effort.

In any case, the oil-importing countries had no choice, he said. Either they adopted policies to reduce imports and thus pre-empted a world energy crisis or they would be forced to by the shortage of supplies within a few years.

Answering the scepticism of most Ministers about the political will of the U.S. to implement such a drastic energy-saving programme, Mr. Schlesinger said that the U.S. Administration was absolutely determined to push it through a recalcitrant Congress.

"If we fail this year, we will come back next year," he said. Mr. Schlesinger also hinted that President Carter would not hesitate to use powers to tax oil imports if Congress did not adopt his proposal for a wellhead tax.

'Lack of awareness'

The Chairman of the meeting, Mr. Alastair Gillespie, the Canadian Energy Minister, said that most Ministers were unhappy about the lack of public awareness in their countries of the impending energy crisis. The basic will to deal with this problem was still lacking because it was "a hidden crisis," masked by the present relatively easy oil supply situation.

To ensure that the group objectives and principles agreed to-day will be adhered to, the Ministers decided to submit member-countries' energy policies to a systematic annual review within the IEA, and Ministerial meetings are expected to be held more frequently than in the past.

Among the principles adopted by the Ministers as a basis for national energy policies—the so-called "12 commandments"—one of the most important, as well as the most controversial, was the call for a steady expansion of nuclear power.

Though the communiqué specified that this expansion of nuclear generating capacity should be "consistent with safety, environmental and security standards" and with the need to prevent the proliferation of nuclear weapons, a number of countries—Sweden, Norway, Denmark, Holland and New Zealand—reserved their positions on this.

The other principles pledged member-countries to stricter conservation measures; the use of more plentiful fuels such as coal; the rapid expansion of indigenous energy supplies; pricing policies which would encourage energy conservation and the development of alternative sources of energy; and the establishment of a favourable investment climate to develop existing and new sources of energy.

The ministers also agreed on a series of major research and development co-operation agreements, covering coal conversion, solar energy, geothermal energy, fusion power, wind power, and production of hydrogen from water.

West Germany and the U.S. will co-operate on the construction of a $30m pilot plant in the U.S. to refine coal-derived liquids, and the U.S., West Germany, Sweden and Switzerland will share the costs of a 15-month study of new techniques for extracting heat from subterranean hot dry rocks.

An agreement on wind power between West Germany, Sweden, Denmark and the U.S. commits each to construct one or more large-scale wind power generators in the one megawatt to 5 MW range. Another agreement provides for the construction of two 500 kilowatt electricity experimental solar energy plants at Almeria in Southern Spain.

EEC Energy Consumption falls, Page 5

Datsun reaches No. 3 in U.K. car market

BY JOHN LLOYD, INDUSTRIAL STAFF

IMPORTED CARS took more than 50 per cent. of the U.K. market last month for the second month in succession, with Datsun of Japan outselling both Vauxhall and Chrysler, to reach third place.

In all 103,446 cars were sold in September, according to figures yesterday from the Society of Motor Manufacturers and Traders. Of the total 52,268 or 50.5 per cent. were imported. A month before, the imports figure was 50.8 per cent.

All four main British-based manufacturers—British Leyland, Ford, Vauxhall Motors and Chrysler U.K. — blame low stocks in the showrooms for the extent of foreign penetration.

The effects of summer holidays and the Lucas strikes together with strikes at British Leyland and Ford, are all seen as factors. Ford says it has a backlog of 80,000 orders at its distributors, while British Leyland claims orders of 30,000. Vauxhall says it has "more orders on its books than at any stage in the company's history," and is confident of regaining its number three place in the U.K. market.

The market leader for September was British Leyland with 24,113 sales (23.3 per cent.), followed by Ford, with 23,237 (22.6 per cent.); Datsun, with 9,047 (8.7 per cent.); Vauxhall, with 7,836 (7.7 per cent.); Fiat, with 6,567 (6.3 per cent.); Chrysler, with 5,989 (5.8 per cent.); VW/Audi with 4,389 (4.2 per cent.) and Renault, with 3,977 (3.8 per cent.).

S registration

About 10,500 of the imported cars were brought in by the British-based manufacturers.

The September sales figure was 18 per cent. higher than for the same month last year, but well down on August of this year when demand for new "S" registration models pushed total sales to 200,310.

Datsun's new position in the sales league as number three puts more pressure on the company to limit U.K. sales. Earlier this year, Datsun agreed not to increase its market share.

However, the company is under pressure from its U.K. dealers, and from the other Japanese manufacturers against whom it competes, to continue to market as aggressively as it can.

Toyota, Japan's biggest car manufacturer, is about to reveal a batch of new models. Datsun U.K. is to consider its position at an emergency meeting called for next Tuesday.

Soft pedal

The Japanese Automobile Manufacturers Association has instructed its members to soft pedal on exports, especially to Britain. However, exports have gone up by 10 per cent. this year while output has increased by 5 per cent.

The U.K. represents the biggest market for Japanese cars in Europe and the third largest in the world. The U.S. is by far the largest market, with more than 1m. Japanese cars sold there in 1976. In the same year Australia took more than 205,000 and the U.K. more than 116,000.

However, British companies can take some heart from another set of figures released yesterday by the Society of Motor Manufacturers and Traders, which show that U.K. companies retain their leadership in the light truck market (up to 3.5 tons capacity).

In the first eight months of this year, U.K. companies took 52 per cent. of the market. Ford dominated the sales, with 24,695 truck sales in the eight-month period (43 per cent. of total registrations).

Top foreign seller was Volkswagen, with 3,713 trucks sold. All the Japanese companies taken together—Datsun, Toyota and Mazda—sold 3,928 trucks.

● Chrysler, which made no comment on its number five position in the SMMT figures, announced instead that its new model for the hard-fought small car market, the Sunbeam three-door hatchback, would go on sale later this month.

Prices range from £2,323 for the standard 1300 cc version to £2,682 for the 1600 cc version.

Continued from Page 1

Leyland reform hopes

sented the revised plan after a meeting of Transport and General Workers Union delegates earlier in the day had cleared the way for new negotiations.

The transport workers shop stewards, who last month rejected the plans for centralised bargaining and pay parity on which the company's proposals depend, also moved their position and declared that they would be prepared to discuss the principle of company-wide bargaining by 1979 provided full satisfaction is achieved on three other issues.

These are plant incentive schemes by the end of this month, full staff status for manual workers and comparability of wages.

If the company's package is eventually accepted by the approach to the TUC and Government to seek flexibility under pay policy to put this into effect despite the 12-month rule.

The company also proposes to set up a new negotiating body t odiscuss a security of earnings package which it is seeking to introduce and to conduct negotiations on the principles for introducing an incentive scheme.

Leyland had not planned to start the incentive scheme until January but — in another concession to the transport workers— says that if output is reasonably good in November and December three months' payment will be made at the end of January

Continued from Page 1

Eurobond

ning of March to under a point in mid-September.

The continuing capacity of the market to sustain a record volume of new issues at ever longer maturities was attributed mainly to a decline in inflation fears.

Given this sharp narrowing, the market has in recent weeks been even more jittery than usual about any signs of further tightening of U.S. monetary policy — the weekly U.S money supply figures have tended to dominate trading.

As Kidder Peabody, one of the chief market makers, put it in its weekly bond-letter last Friday, "the market can spend Tuesday to Thursday anticipating them and Friday and Monday (and the Saturday and Sunday in between since its always raining) interpreting them and reacting to them."

The very sharp falls this week seem to have been triggered by three further factors. First some traders rightly or wrongly have interpreted the noises coming out of the International Monetary Fund meeting in Washington to mean a move to expand the U.S. economy. This they think is likely to cause more rises in dollar interest rates plus a weaker dollar.

Second, the sharp fall of the dollar on the foreign exchange markets this week has stopped any sign of buying of Eurobonds from Switzerland — the Swiss banks are the largest single source of Eurobond investment funds and usually provide a steady trickle of buying interest to underpin prices. Worse still, in the last couple of days in particular, dealers report that they have seen some substantial selling orders from Switzerland.

A third factor, some dealers say, was the weak start in trading of the Citicorp $300m. issue last Friday. The opening quotations were at a two point discount from the offering price.

Weather

U.K. TO-DAY

RAIN in most areas, perhaps heavy and thundery. Rather cold

London, S.E., Cent., N. and E. England, Midlands, Channel Isles

Rain, heavy at times, perhaps with thunder; rather cold. Max. 14-15C (57-59F).

S.W. England, S. Wales

Cloudy, rain. Rather cold. Max 13-15C (55-59F).

N. Wales, N. England, Lakes, Isle of Man, S. Scotland

Cloudy, rain. Rather cold Max 12-14C (54-57F).

Aberdeen, Cent. Highlands, Moray Firth, N. Scotland, Orkney, Shetland, N. Ireland

Cloudy, rain. Rather cold. Max. 11-13C (52-55F).

Outlook: Bright intervals and showers, longer outbreaks of rain in East. Cold.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	C	17	63	Madrid	R	10	50
Athens	S	21	70	Manchstr.	C	14	57
Bahrain	S	33	91	Melbourne	C	11	52
Barcelona	F	23	73	Milan	R	13	55
Belfast	C	12	54	Montreal	C	12	[illegible]
Belgrade	S	23	73	Moscow	S	7	45
Berlin	C	17	63	Munich	S	25	77
Birmghm.	R	12	54	Newcastle	C	15	59
Bristol	C	13	55	New York	R	13	55
Brussels	C	18	64	Oslo	S	11	52
Budapest	C	20	68	Paris	R	16	61
B. Aires	S	26	79	Perth	S	21	[illegible]
Cairo	S	29	85	Prague	S	15	[illegible]
Cardiff	R	12	[illegible]	Reykjavik	S	1	[illegible]
Cologne	R	16	61	Rio de J'o	C	25	[illegible]
Copnhagn.	F	11	52	Rome	S	23	73
Dublin	R	9	48	Singapore	S	[illegible]	[illegible]
Edinburgh	R	12	54	Stockholm	F	11	52
Frankfurt	C	19	66	Strasbrg.	S	23	73
Geneva	S	20	68	Sydney	S	18	64
Glasgow	C	13	55	Tehran	S	24	75
Helsinki	C	8	46	Tel Aviv	S	27	81
H. Kong	S	30	86	Tokyo	S	24	75
Jo'burg	S	24	75	Toronto	S	10	50
Lisbon	R	14	57	Vienna	S	20	68
London	R	14	57	Warsaw	F	19	66
Luxembg.	F	18	64	Zurich	F	22	72

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	[illegible]	90	Istanbul	S	20	68
Algiers	C	[illegible]	90	Jersey	C	13	55
Biarritz	R	13	55	Las Pims	F	23	73
Blackpool	C	14	57	Locarno	R	10	50
Bordeaux	R	14	57	Majorca	C	23	73
Boulogne	F	17	63	Malaga	R	19	66
Casblnca.	F	25	77	Malta	S	24	75
Cape Tn.	R	16	61	Nairobi	S	23	73
Corfu	S	22	72	Naples	S	23	73
Dubrovnik	S	20	68	Nice	F	21	70
Faro	C	14	57	Oporto	C	12	54
Florence	F	22	72	Rhodes	S	23	73
Funchal	F	24	75	Salzburg	S	24	75
Gibraltar	C	21	70	Tangier	C	20	68
Guernsey	C	13	55	Tenerife	S	20	68
Innsbruck	F	19	66	Tunis	F	27	81
Inverness	R	10	50	Valencia	C	22	72
Is. of Man	C	14	57	Venice	C	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny

Ramon Greene has debts of £15m.

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR. RAMON GREENE, who made one of the largest personal fortunes of the early 1970s property boom, disclosed debts of more than £15.4m. at the London Bankruptcy Court yesterday.

Mr. Greene told the court, when he appeared for public examination, that his assets amounted to just £30,473 against debts of £15.4m.

Slater Walker Securities is Mr. Greene's largest single creditor, with outstanding loans of about £12m. As SWS's banking arm is now under the wing of the Bank of England Mr. Greene's ultimate major creditor might be the Bank.

A former house-builder, Mr. Greene joined forces with Mr. Jack Walker, a solicitor, in 1970 to form English and Continental Property. Its success was made possible by its virtually unlimited financial backing by the Crown Agents, which took a 51 per cent. share in the group.

Crown Agents' funds enabled the pair to carry out a series of spectacular property deals in Central London in the early 1970s, culminating in the sale of the group's investment properties to the Post Office pension fund in January, 1973, for a reputed £100m.

The Post Office sale brought Mr. Greene £5m. for his personal shareholding in English and Continental.

In court yesterday Mr. Greene said he gave away £700,000 of the £5m. after tax sales proceeds within a month of receiving the money. His wife received a £115,000 diamond ring and necklace for her birthday that year. The gifts are in a bank in Monte Carlo. Mr. Greene now lives in the Principality, in a two-bedroom flat in a building named "Shangri-La."

Mr. Derek Thorne, the official receiver, asked Mr. Greene: "How in heaven's name can you stand here with a deficiency of £15m. when you bemuse us with all this talk of millions?"

Mr. Greene replied that his business had been hit by the oil crisis, the property market crash and the collapse of the fringe banks.

After the English and Continental sale Mr. Greene and Mr. Walker retained their links with the Crown Agents through the group's house-building business as well as a number of eventually abortive property deals.

Through their private company, Camborne Securities, the two men acquired a complex three-company holding from Slater Walker, giving them control of Charles Spreckley Industries, a property group—ADH—and temporary charge of the far larger Town and Commercial Properties.

The failure of Spreckley came shortly before the collapse of Town and Commercial last year.

At the request of the trustees the public examination has been adjourned until April 27. Mr. Greene is returning to Monte Carlo.

Graduates survey

A TOTAL of 15,000 graduates are being asked to co-operate in a national survey to explore the relationship between education and unemployment. The survey will be carried out by the Department of Employment's Unit for Manpower Studies helped by the Association of Graduate Careers Advisory Services, the organisation representing careers advisers at universities and polytechnics.

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